ANNUAL REPORT

of the

STANDING COMMITTEE

on

PUBLIC ACCOUNTS

2004 - 2005

Third and Fourth Sittings in the First Session of the Fifty-Ninth General Assembly

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Printed and Published by the Queens Printer
Halifax

ISSN : 1205- 4615

This document is also available on the Internet at the following address:

http://www.gov.ns.ca/legislature/COMMITTEES/pa_pubs.html

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House of Assembly
Nova Scotia

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Hon. Murray Scott
Speaker
House of Assembly
Province House
Halifax, Nova Scotia

Dear Mr. Speaker,

On behalf of the Standing Committee on Public Accounts, I am pleased to submit the Annual Report of the Committee for the Third and Fourth Sitting in the First Session of the Fifty-Ninth General Assembly.

The Standing Committee on Public Accounts would like to dedicate this report to the memory of the Member for Chester St. Margarets - Mr. John Chataway. Mr. John Chataway passed away suddenly in December 2004. He will be greatly missed by his colleagues on this Committee.

Respectfully Submitted

Maureen MacDonald, MLA
(Halifax Needham)
Chairman
Standing Committee on Public Accounts

Halifax, Nova Scotia
March 2006

Printed on paper that contains recycled fibre

TABLE OF CONTENTS

Public Hearings	.....	**i- vi**
Introduction	.....	**vii**
Membership Changes	.....	**viii**
Procedures and Operations	.....	**viii-ix**
Notices	.....	**ix**
Verbatim Transcripts	.....	**ix**
Research Material	.....	**ix**
Annual Reports	.....	**x**
Acknowledgments	.....	**x**
Witnesses	.....	**xi-xv**
Public Hearings	.....	**1- 60**
Agenda Setting	.....	**1- 2**
Witnesses	.....	1
Background	.....	1
Approved Recommendations	.....	1-2
Transcript	.....	2
Department of Education	.....	**3- 4**
Witnesses	.....	3
Background	.....	3
Office of the Auditor General	.....	3
Matters of Discussion	.....	3
Request for Documentation	.....	4
Transcript	.....	4
Halifax Regional School Board	.....	**5- 7**
Witnesses	.....	5
Background	.....	5
Office of the Auditor General	.....	5- 6
Matters of Discussion	.....	6
Request for Documentation	.....	6-7
Transcript	.....	7

PUBLIC HEARINGS

Office of Economic Development	**8- 10**
Witnesses	8
Background	8
Office of the Auditor General	9
Matters of Discussion	9
Request for Documentation	9
Transcript	10
Nova Scotia Community College	**11- 13**
Witnesses	11
Background	11
Office of the Auditor General	12
Matters of Discussion	12
Additional Matters of Discussion	12
Request for Documentation	12
Transcript	13
Department of Finance	**14- 15**
Witnesses	14
Background	14
Office of the Auditor General	14
Matters of Discussion	15
Request for Documentation	15
Transcript	15
Department of Transportation and Public Works	**16- 18**
Witnesses	16
Background	16
Office of the Auditor General	16
Matters of Discussion	17
Request for Documentation	17
Transcript	18
Canada Revenue Agency	**19- 21**
Witnesses	19
Background	20
Office of the Auditor General	20
Matters of Discussion	20
Motion	21
Request for Documentation	21
Transcript	21

PUBLIC HEARINGS

Office of the Auditor General	.....	**22- 24**
Witnesses	.....	22
Background	.....	22
Report	.....	22- 23
Matters of Discussion	.....	23
Additional Matters of Discussion	.....	23-24
Request for Documentation	.....	24
Transcript	.....	24
Department of Tourism, Culture and Heritage	.....	**25- 27**
Witnesses	.....	25
Background	.....	25
Office of the Auditor General	.....	25
Matters of Discussion	.....	26
Request for Documentation	.....	26-27
Transcript	.....	27
Department of Community Services	.....	**28- 29**
Witnesses	.....	28
Background	.....	28
Office of the Auditor General	.....	28
Matters of Discussion	.....	29
Request for Documentation	.....	29
Transcript	.....	29
Department of Finance	.....	**30- 32**
Witnesses	.....	30
Background	.....	30
Office of the Auditor General	.....	30
Matters of Discussion	.....	31
Request for Documentation	.....	31
Transcript	.....	32
Department of Health / Doctors Nova Scotia	.....	**33-34**
Witnesses	.....	33
Background	.....	33
Office of the Auditor General	.....	34
Matters of Discussion	.....	34
Request for Documentation	.....	34
Transcript	.....	34

PUBLIC HEARINGS

Department of Health	.....	**35- 36**
Witnesses	.....	35
Background	.....	35
Office of the Auditor General	.....	35
Matters of Discussion	.....	36
Request for Documentation	.....	36
Transcript	.....	36
Service Nova Scotia Municipal Relations	.....	**37- 39**
Witnesses	.....	37
Background	.....	37-38
Office of the Auditor General	.....	38
Matters of Discussion	.....	38
Request for Documentation	.....	38-39
Transcript	.....	39
Nova Scotia Business Incorporated	.....	**40- 42**
Witnesses	.....	40
Background	.....	40
Office of the Auditor General	.....	40
Matters of Discussion	.....	41
Additional Matters of Discussion	.....	41
Request for Documentation	.....	41-42
Transcript	.....	42
Office of Health Promotion and the Nova Scotia Gaming Foundation	.....	**43- 45**
Witnesses	.....	43
Background	.....	43-44
Office of the Auditor General	.....	44
Matters of Discussion	.....	44
Additional Matters of Discussion	.....	45
Request for Documentation	.....	45
Transcript	.....	45
Office of the Auditor General	.....	**46- 47**
Witnesses	.....	46
Background	.....	46
Office of the Auditor General	.....	46
Matters of Discussion	.....	46-47
Request for Documentation	.....	47
Transcript	.....	47

PUBLIC HEARINGS

Freedom of Information and Protection of Privacy Office... 48- 50
Witnesses 48
Background 48
Legislation 48
Office of the Auditor General 49
Matters of Discussion 49
Additional Matters of Discussion 49
Request for Documentation 50
Transcript 50
See also Appendix I

Nova Scotia Gaming Corporation 51- 53
Witnesses 51
Background 51
Office of the Auditor General 51
Matters of Discussion 51-52
Request for Documentation 52
Transcript 53

Capital District Health Authority 54- 55
Witnesses 54
Background 54
Office of the Auditor General 54
Matters of Discussion 54-55
Request for Documentation 55
Transcript 55

Department of Health 56-57
Witnesses 56
Background 56
Office of the Auditor General 56
Matters of Discussion 57
Request for Documentation 57
Transcript 57

Office of the Auditor General 58-60
Witnesses 58
Background 58
Office of the Auditor General 58-59
Matters of Discussion 59
Motion 59
Request for Documentation 59
Transcript 60

Public Accounts Sub-Committee on Agenda and Procedures 61- 66

2004 Fall Agenda Setting Session- September 14, 2004 ... 61- 62
Attendance 61
Recommendations to the Public Accounts Committee 61- 62
Transcript 62

2005 Winter Agenda Setting Session- January 11, 2005 ... 63
Attendance 63
Recommendations to the Public Accounts Committee 63
Transcript 63

2005 Spring Agenda Setting Session- April 12, 2005 ..... 64- 66
Attendance 64
Recommendations to the Public Accounts Committee 64- 65
Transcript 65

Public Accounts Committee Operations 67-76
Mandate of the Public Accounts Committee 67-69
Operating Principles / Practices 70-74
Statement to Witnesses 75
Oath 75
Solemn Affirmation 75

Statement of Submission 77

Statement of Submission 77

Appendices

Appendix I - Freedom of Information and Protection of Privacy Review Office

INTRODUCTION

The Standing Committee on Public Accounts, an all-party Committee of the House of Assembly, was struck at the beginning of the First Session of the Fifty-Ninth General Assembly. Pursuant to Rule 60(2)(d) of the **Province of Nova Scotia Rules and Forms of Procedures of the House of Assembly:**

> b) the Public Accounts Committee is established for the purpose of reviewing the public accounts, the annual report or other report of the Auditor General and any other financial matters respecting the public funds of the Province;[1]

The membership of the Standing Committee on Public Accounts from September 2004 until June 2005 was as follows:

Mr. Graham Steele, MLA - Chairman
Halifax Fairview

Mr. Jim DeWolfe, MLA - Vice Chairman
Pictou East

Mr. John Chataway, MLA
Chester – St. Margarets

Mr. Gary Hines, MLA
Waverley – Fall River – Beaver Bank

Mr. Howard Epstein, MLA
Halifax Chebucto

Mrs. Marilyn More, MLA
Dartmouth South - Portland Valley

Mr. Danny Graham, MLA
Halifax Citadel

Mr. H. David Wilson, MLA
Glace Bay

Ms. Diana Whalen, MLA
Halifax Clayton Park

[1] Province of Nova Scotia Rules and Forms of Procedure of the House of Assembly, July 1999, Rule 60(2)(b) Pages 61-62.

MEMBERSHIP CHANGES

During the session the Committee underwent membership changes. The changes were as follows:

Mr. John Chataway, MLA - Chester – St. Margarets was replaced by;
Mr. Mark Parent, MLA - Kings North

Mr. Howard Epstein, MLA - Halifax Chebucto was replaced by;
Ms. Maureen MacDonald, MLA - Halifax Needham

Mrs. Marilyn More, MLA - Dartmouth South - Portland Valley was replaced by;
Mr. David A. Wilson, MLA - Sackville – Cobequid

and;

Ms. Diana Whalen, MLA - Halifax Clayton Park was replaced by;
Mr. Michel Samson, MLA - Richmond

PROCEDURES AND OPERATIONS

The Public Accounts Committee traditionally meets once a week. These meetings are held every Wednesday morning in either the Legislative Chamber in Province House or in the Legislative Committees Office. During the Third and Fourth Sitting in the First Session of the Fifty-Ninth General Assembly the Committee met on the following dates:

September 29, 2004,
October 13, 2004
October 20, 2004

November 3, 2004
November 17, 2004
November 24, 2004

December 1, 2004
December 8, 2004
December 15, 2004

January 12, 2005
January 19, 2005
January 26, 2005

February 2, 2005
February 9, 2005
February 23, 2005

March 2, 2005
March 23, 2005
March 30, 2005

April 6, 2005
April 13, 2005
April 20, 2005

May 4, 2005
May 11, 2005
May 25, 2005

June 1, 2005
June 29, 2005

The Sub-Committee on Agenda and Procedures met on the following dates:

Tuesday, September 14, 2004
Tuesday, January 11, 2005
Tuesday, April 12, 2005

The Committee also met with officials from the Canadian Institute of Chartered Accountants (CICA) and the Canadian Comprehensive Auditing Foundation (CCAF) on the following dates;

Tuesday, December 14, 2004
Wednesday, May 18, 2005

NOTICES

Notices of the Public Accounts Committee meetings are sent to all members of the Committee, staff of the caucus offices, the Legislative staff and the House of Assembly Press Gallery. The notices are also posted in Province House and are on the Committees' web-site at the following address:

http://www.gov.ns.ca/legislature/COMMITTEES/schedpa.html

VERBATIM TRANSCRIPTS

Transcripts of all Public Accounts Committee public hearings are available from the Legislative Library in Province House, the Legislative Committees Office or on-line at the Public Accounts Committee's web page at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/

RESEARCH MATERIAL

All research for the Public Accounts Committee is compiled by the Committee's clerk with the assistance of an administrative assistant and the Legislative Library, and distributed to the members. Reference material is placed in binders and distributed one week prior to meetings. A copy of this material is also made available to the witnesses appearing before the Committee, the Legislative Library in Province House and to Hansard Recording Services.

ANNUAL REPORTS

All reports from the Public Accounts Committee are compiled and written by the Committee's clerk. The draft is then sent to the individual Committee members for consideration. Upon completion of the review and approval of the report, the Chair tables the report with the Clerk of the House.

Distribution of the report is as follows: to the Speaker/Clerk of the House, all members of the Legislature, all witnesses who appeared before the Committee, the Legislative Library in Nova Scotia and in all other provinces and territories, the caucus offices and the media. This report is also available to the general public upon request through the Legislative Committees Office or on-line at the Committee's web page at the following address:

http://www.gov.ns.ca/legislature/COMMITTEES/pa_pubs.html

ACKNOWLEDGMENTS

The Standing Committee on Public Accounts wishes to extend its gratitude to witnesses for their time and cooperation; Ms. Mora Stevens, clerk of the Public Accounts Committee and the staff of the Legislative Committees Office for the organization of and research for Committee meetings. Others whose assistance has been invaluable to the Committee are: Mr. Robert Kinsman, Editor of Hansard, and Hansard staff; Mr. James MacInnes, Coordinator/Director Legislative Television and Broadcast Services, and staff; Ms. Margaret Murphy, Legislative Librarian, and staff.

WITNESSES

Tuesday, September 14, 2004	**Sub-Committee – Setting the Fall Agenda** **Office of the Auditor General** Mr. E. Roy Salmon - Auditor General
Wednesday, September 29, 2004	**Agenda Setting** **Office of the Auditor General** E. Roy Salmon - Auditor General
Wednesday, October 13, 2004	**Department of Education** Mr. Dennis Cochrane - Deputy Minister Mr. Darrell Youden - Senior Executive Director – Corporate Services Mr. Mike Sweeney - Senior Executive Director – Public Schools Ms. Ann Blackwood - Director English Programs
Wednesday, October 20, 2004	**Halifax Regional School Board** Ms. Carole Olsen - Superintendent Ms. Carolyn McFarlane - Chair of the Board Mr. Richard Morris - Director of Finance Mr. Don Buck - Senior Staff Advisor
Wednesday, November 3, 2004	**Office of Economic Development** Mr. Paul Taylor - Chief Executive Officer Mr. Marvyn Robar - Director - Development Initiatives Mr. Chris Bryant - Director Decision Support
Wednesday, November 17, 2004	**Nova Scotia Community College (NSCC)** Mr. Ray Ivany - President NSCC Mr. Robert Shedden - Vice President Administrative Services NSCC Ms. Sue Payne - Chair - Finance and Audit Committee, Member of the Board of Directors NSCC
Wednesday, November 24, 2004	**Department of Finance** Ms. Vicki Harnish - Deputy Minister Ms. Liz Cody - Assistant Deputy Minister Mr. Bruce Hennebury - Executive Director - Fiscal and Economic Policy

Wednesday, December 1, 2004	**Department of Transportation and Public Works** Mr. Brian Stonehouse - Deputy Minister Mr. Martin Delaney - Executive Director Highway Operations Mr. Brian Gallivan - Director Policy and Planning Mr. Ralph Hessian - Highway Engineering Services. Mr. Bruce Fitzner – Director Highway Operations
Wednesday, December 8, 2004	**Canada Revenue Agency** Mr. Robert Russell - Assistant Commissioner – Atlantic Region Ms. Marilyn Gaudet - Director of Programs – Atlantic Region Mr. Don Gibson - Director - Halifax Tax Service Office Mr. Derrick Smith - Advisor - Policy and Planning Branch **Federal Department of Justice** Mr. Martin Ward - Senior Counsel **Department of Finance** (Province of Nova Scotia) Mr. Bruce Hennebury - Executive Director - Fiscal and Economic Policy **Service Nova Scotia and Municipal Relations** Mr. Frank Moore - Appeals Director and Senior Policy Advisor **Legislative Counsel's Office** Mr. Gordon Hebb, QC - Chief Legislative Counsel
Tuesday, January 11, 2005	**Setting the 2005 Winter Agenda** **Office of the Auditor General** Mr. E. Roy Salmon - Auditor General
Wednesday, January 12, 2005	**December 2004 Report of the Auditor General** **Office of the Auditor General** Mr. E. Roy Salmon - Auditor General Mr. Claude Carter - Deputy Auditor General Ms. Elaine Morash - Assistant Auditor General Mr. Alan Horgan - Assistant Auditor General
Wednesday, January 26, 2005	**Department of Tourism, Culture and Heritage** Ms. Kelliann Dean - Deputy Minister Ms. Dianne Coish - Executive Director - Culture Ms. Marsha Andrews - Executive Director - Tourism

Wednesday, February 2, 2005	**Department of Community Services** Ms. Marion Tyson - Deputy Minister Mr. George Hudson - Executive Director of Finance Mr. Harold Dillon - Senior Director - Employment Support and Income Assistance (ESIA) & Housing
Wednesday, February 9, 2005	**Department of Finance** Ms. Vicki Harnish - Deputy Minister Mr. Byron Rafuse - Acting Controller Ms. Suzanne Wile - Director – Government Accounting
Wednesday, February 23, 2005	**Department of Health** Ms. Cheryl Doiron - Deputy Minister Ms. Jane Breckenridge - Director - Physician Services Ms. Linda Penny - Acting Manager - Accounting Services – (Formerly - Manager - Alternative Funding – Physician Services) **Doctors Nova Scotia** Mr. Doug Clarke - Chief Executive Officer Carol Walker - Policy Analyst Samantha Holmes – Communications
Wednesday, March 23, 2005	**Department of Health** Ms. Cheryl Doiron - Deputy Minister Dr. Jim Millar - Acting Associate Deputy Minister Ms. Emily Somers - Acting Director of Pharmaceutical Services
Wednesday, March 30, 2005	**Service Nova Scotia and Municipal Relations** Mr. Kevin Malloy - Assistant Deputy Minister Ms. Anne James - Director – Business and Consumer Registration **Department of Finance** Mr. Byron Rafuse - Acting Controller **Department of Justice** Mr. John Traves - Director – Legal Services **Office of the Auditor General** Mr. E. Roy Salmon - Auditor General Mr. Claude Carter – Deputy Auditor General Mr. Alan Horgan - Assistant Auditor General **Legislative Counsels Office** Mr. Neil Ferguson - Legislative Counsel

Wednesday, April 6, 2005	**Nova Scotia Business Inc.** Mr. Stephen Lund - President and Chief Executive Officer Mr. Pat Ryan - Vice President - Financial Services Mr. Peter MacAskill - Director - Corporate Services Mr. Martin Walker - Director – Small Business Growth
Tuesday, April 12, 2005	**Setting the Spring 2005 Agenda** **Office of the Auditor General** Mr. E. Roy Salmon - Auditor General **Legislative Counsel's Office** Mr. Gordon Hebb, QC – Chief Legislative Counsel
Wednesday, April 13, 2005	**Office of Health Promotion** Ms. Cheryl Doiron - Chief Executive Officer (Deputy Minister of Health) Mr. Scott Logan - Assistant Deputy Minister Mr. Brian Wilbur - Director - Addiction Services Mr. John LaRocque - Coordinator - Problem Gambling Services **Nova Scotia Gaming Foundation** Ms. Anne Jackman - Executive Director
Wednesday, April 20, 2005	**Office of the Auditor General** Mr. E. Roy Salmon - Auditor General Mr. Claude Carter - Deputy Auditor General Ms. Elaine Morash - Assistant Auditor General Mr. Alan Horgan - Assistant Auditor General
Wednesday, May 4, 2005	**Freedom of Information and Protection of Privacy Office** Mr. Darce Fardy - Review Officer Ms. Wendy Johnson - Case Review Analyst
Wednesday, May 11, 2005	**Nova Scotia Gaming Corporation** Ms. Marie Mullally - President / Chief Executive Officer Mr. Sean O'Connor - Chair - Board of Directors

Wednesday, May 25, 2005

Capital District Health Authority

Mr. Bruce McLaughlin - Chair Board of Directors
Mr. Don Ford - President and Chief Executive Officer
Ms. Barbara Hall - Vice President – Community, Continuing and Restorative Care
Mr. Cal Crocker - Vice President - Administration
Dr. Andrew Padmos - Vice President – Research and Academic Affairs

Wednesday, June 1, 2005

Department of Health

Ms. Cheryl Doiron - Deputy Minister
Ms. Jane Breckenridge - Director – Physician Services
Ms. Angela Purcell - Acting Manager – Alternative Funding

Wednesday, June 29, 2005

Office of the Auditor General

Mr. E. Roy Salmon - Auditor General
Mr. Claude Carter - Deputy Auditor General
Ms. Elaine Morash - Assistant Auditor General
Mr. Alan Horgan - Assistant Auditor General

PUBLIC

HEARINGS

Setting the Fall Agenda

Wednesday, September 29, 2004

WITNESSES

Office of the Auditor General

E. Roy Salmon
Auditor General

BACKGROUND

The Standing Committee on Public Accounts formed a Sub-Committee on Agenda and Procedures in order to determine recommendations for the Committee's agenda. The Sub-Committee met on Tuesday, September 14, 2005 and forwarded a report to the entire Committee for consideration. The following is a copy of the Sub-Committee report that was approved in its entirety with one amendment.

APPROVED RECOMMENDATIONS TO THE PUBLIC ACCOUNTS COMMITTEE:

1. **The Sub-Committee recommends that the following witnesses be invited to appear before the Public Accounts Committee:**

   a. Nova Scotia Community College - Re: Chapter 5. Auditor General Report – Internal Control and Financial Management;

   b. Halifax Regional School Board - Re: Chapter 4. Auditor General Report – Follow-up to 2000 Audit;

   c. Department of Tourism, Culture and Heritage - Re: Chapter 7. Auditor General Report – Audit of Selected Aspects of Operations;

   d. Department of Education - Re: Public Education Funding (Performance Reporting);

   e. Office of Economic Development - Re: Relationship with Nova Scotia Business Inc. (NSBI) (loans to companies such as CanJam and Michelin);

   f. Department of Finance – Re: Taxpayer Rebate Program;

   g. Department of Transportation and Public Works - Re: Privatization, out-sourcing, road construction and other general matters;

   h. Doctors Nova Scotia/Department of Health - Re: Doctor Billing; and

   i. Department of Community Services – Re: Canada Nova Scotia Affordable Housing Agreement.

2. **The Sub-Committee reaffirmed that the following witnesses, WHO had been previously approved by the Public Accounts Committee, be scheduled to appear before the Public Accounts Committee this Fall:**

   a. Mr. Andrew Lewis - Optinova Systems and InNOVACorp

   b. Canada Customs and Revenue Agency - Collection of HST
   (questions concerning the non-collection of HST by native businesses from non-native customers will be one of the topics CCRA officials should be prepared to answer)

   c. Representatives of the Canadian Institute of Chartered Accountants, Public Sector Accounting Board be invited to address the Public Accounts Committee on the subject of Generally Accepted Accounting Principles (GAAP) in the public sector. This meeting would be in the same informal format as was done when the PAC met with officials from the CCAF.

3. **During the Sub-Committee meeting the following motion was made and deferred for full discussion and vote by the entire Public Accounts Committee:**

   Motion: The Clerk is directed to schedule all future Public Accounts Committee meetings from 9:00 - 11:00 a.m. (Exception to this time can be made by the Committee due to special circumstances, such as three-hour meetings.)

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004sep29.htm

Department of Education
concerning Public Education Funding

Wednesday, October 13, 2004

WITNESSES

Department of Education

Mr. Dennis Cochrane
Deputy Minister

Mr. Darrell Youden
Senior Executive Director - Corporate Services

Mr. Mike Sweeney
Senior Executive Director - Public Schools

Ms. Ann Blackwood
Director English Programs

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Ms. Elaine Morash
Assistant Auditor General

BACKGROUND

The Committee decided that it wanted to speak with both the Department of Education and the Halifax Regional School Board concerning the state of funding in Nova Scotia's education system. The Department of Education's goal is to ensure that a student's education is the same across the province. There are to be comparable levels of access and opportunity to participate in programs.

The Department of Education funds each of the school boards and it is the schools boards that put on the programs. Funding is not based on a per student ratio.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General has not specifically audited the Department of Education concerning the overall funding of the public education system. However, the Auditor General's Office has performed numerous audits on the Department of Education that are available at the Auditor General's Office or listed and available on-line at the following address:

List of Education Audits 1996-2005: http://www.gov.ns.ca/audg/educ.htm

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

User fees in schools for extra curricular and curricular activities, school board fundraising, provincial financial handbook, GAAP compliance, adding school funds to financial statements, upcoming report by Mr. Bill Hogg, Fund Review Working Groups proposed 1999 formula recommending additional funding;

Capping class sizes, programs, measuring outcomes, student/teacher ratios, use of resources;

Standardized testing, provincial exams, creation of measurable outcomes (Grades 3, 6, 9 and 12), Minister of Education's report to parents, testing programs, provincial exams, use of national and international testing;

Literacy for Life program, investments made in literacy, Young Active Readers program;

Textbook budgets, technology refreshment in P3 schools;

Capital construction fund, 72 new P3 schools in the program, deferred maintenance, renovations versus new construction;

Inadequate federal funding, timing of census for Nova Scotia, net immigration of students, diversity – contributions to the economy and social aspects of the university, deficits in funding per student;

Municipal tax base, collection of provincial education dollars, supplementary funding rates;

Use of additional funding in the budgetary process, outlining of cost pressures, use of projections; and

Teachers receiving tax receipts for classroom donations, breakfast programs, second gymnasium for the proposed new school in Halifax, Department of Education requirements for school programs.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the Department of Education assessment document on the testing program;

A copy of the cost for the reprinting of the Grade 11 math textbook; and

Copies of the estimates that the Department of Education has concerning the number of students in Primary to grade 6 who are going to school without breakfast.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004oct13.htm

Halifax Regional School Board
concerning the 2004 Follow-up Audit by the Auditor General

Wednesday, October 20, 2004

WITNESSES

Halifax Regional School Board

Ms. Carole Olsen
Superintendent

Ms. Carolyn McFarlane
Chair of the Board

Mr. Richard Morris
Director of Finance

Mr. Don Buck
Senior Staff Advisor

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Roger Lintaman
Audit Manager

BACKGROUND

The Committee decided that it wanted to speak with both the Department of Education and the Halifax Regional School Board (HRSB) concerning the state of funding in Nova Scotia's education system. The Committee also wanted to talk to the HRSB concerning the 2004 follow-up audit recently published by the Auditor General.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General first audited the Department of Education and the Halifax Regional School Board in 2000. In 2004, the Office of the Auditor General performed a follow-up audit. Copies of both audits are available at the Office of the Auditor General or on-line at the following address:

Department of Education – Halifax Regional School Board – Follow-up to 2000 Audit – June 2004
Highlights: http://www.gov.ns.ca/audg/june2004/june04highlights.html#hrsb
Audit: http://www.gov.ns.ca/audg/june2004/ch4%20June2004%20HRSB%20Followup.pdf

Department of Education – Halifax Regional School Board – Budgeting and Financial Management Practices - 2000
Highlights: http://www.gov.ns.ca/audg/00highlt.htm#HALSchool
Audit: http://www.gov.ns.ca/audg/2000/ch%205%202000%20HRSB%20CCRSB%20Budgeting%20Fin%20Man%20Practices.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

User fees in schools, school board fundraising, GAAP compliance with the accounting for the school fees funds;

Special needs students, English as a second language (ESL) programs;

HRSB budgeting process changes since the initial audit in 2000, estimates of expenditures process, budget monitoring process, deficit situations;

Provincial financial handbook, upcoming report by Mr. Bill Hogg, HRSB presentation to Mr. Bill Hogg, transparency of formula dollar allocations, calculating budget figures for auditing purposes, equality between districts, adequacy of funding for all students, accountability, multi-year funding commitment, ability to reallocate funds within the formula for areas that have accrued savings (not in core funding areas);

Statistics Canada study, Nova Scotia's lowest funding per student in North America, increases in student funding, increases in cost to the system, urban and rural funding differences, tax rates in Halifax, Dartmouth and Bedford;

Breakfast program in the HRSB, staffing, corporate sponsorship;

Physical Education requirements for funding, facilities, supplementary funding programs;

French Immersion, creating equality within the systems, additional core courses taught in French, variety of choices in classes;

Music and arts programs, academic excellence in private schools, possibility of a consolidated elementary school in the south end of Halifax, school library funding;

International Baccalaureate (IB) Program – applications to international committee to teach courses;

Literacy programs - self-assessments, tracking of student progress, identifying students at risk, extra funding to help children at risk;

Maintenance of Facilities - construction of new schools, lowering operating costs, addition of $1.2 million in supplementary funding, declining student enrolment;

Provincial exams – results, improving the system of testing; and

Second gymnasium for the consolidated school in HRM, funding for gymnasium conditional on community use, working with the Department of Education and parents groups.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

6.

A copy of the HRSB submission to Mr. Bill Hogg;

A copy any/all data concerning the $3 million reserve fund that the HRSB has including an outline about programs to which these funds will be allocated;

A copy of the detailed line item reduction list and the explanation about why the reductions have been made to each item; and

A copy of any supporting data that the HRSB has concerning the enrolment figures in the French Immersion program.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004oct20.htm

Office of Economic Development
concerning their relationship with Nova Scotia Business Inc.

Wednesday, November 3, 2004

WITNESSES

Office of Economic Development

Mr. Paul Taylor
Chief Executive Officer

Mr. Marvyn Robar
Director - Development Initiatives

Mr. Chris Bryant
Director Decision Support

Also In Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

BACKGROUND

The Office of Economic Development (OED) was created in March of 2002, by combining the Nova Scotia Department of Economic Development with the Technology and Science Secretariat (TSS). By merging these departments, the government wanted to create an office that would lead the province in development, innovation and technology support systems. The OED is responsible for Nova Scotia Business Inc (NSBI), InNOVACorp, the Nova Scotia Film Development Corporation, Trade Centre Ltd. and the Waterfront Development Corporation.

The OED works in partnership with other departments and agencies, governments, businesses and communities in order to help create a productive and sustainable economy throughout Nova Scotia.

The Committee wanted to hear from the OED concerning their use of the Industrial Expansion Fund (IEF) and their relationship with NSBI. The OED is the policy and administrative branch; whereas, NSBI is the government's arms length business organization for Nova Scotia. The OED funds business opportunities coming through the Industrial Expansion Fund (IEF). Cabinet approves all loans made by the OED, from the IEF, and then Orders in Council (OIC)'s are issued to announce loans. In 2004-2005 the IEF had $18 million available for loans. This is equal to, if not greater than, what NSBI has available to it for funds. The IEF is primarily used for capital expansion. The IEF is a tool used by the OED to fund special opportunities that appear before government.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General has not specifically audited the Office of Economic Development on their relationship with the NSBI. However, in 2004, the Auditor General's Office did audit NSBI concerning their Payroll Rebate Program.

NSBI – Payroll Rebate Program - 2004
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt4
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt4NSBI.pdf
List of Audits of Office of Economic Development 1996-2004: http://www.gov.ns.ca/audg/EconDev.html

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

IEF Loan – loans to C-Vision, Blue Wave Seafoods, Michelin, CanJam, Trenton Works, Composites Atlantic and Scotia Slate, Credit Union Loan program;

Nova Knowledge Report Card and Venture Capital - tightening of available funds, use of traditional lending institutions;

Brand Nova Scotia Initiative - standardization of marketing practices, marketing Nova Scotia products, creating a better perception of Nova Scotia, formal announcement of the program;

Trade Missions – used by economic development agencies, developing opportunities for businesses, scoping out marketplaces, development agencies;

Community Economic Development (CED) – provincial, municipal and federal funding, private industry, Waterfront Development Corporation (WDC), Rural Development Agencies (RDAs), Sustainable Communities Initiative;

Premier's Advisory Council on Innovation - advises Premier's Office, private sector, post-secondary institutions, competitive cutting edge of technology;

InNOVACorp – working with information technology companies, leading edge of the business world, provision of laboratory and office space, facilitation of businesses; and

Youth Programs - provincial and federal governments fund directed to youth, university involvement, development of specific programs for youth in business.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the Office of Economic Development investments since the formation of Nova Scotia Business Inc.; and

A copy of any/all guidelines and regulations the government has in place for the Industrial Expansion Fund.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004nov03.htm

Nova Scotia Community College

Wednesday, November 17, 2004

WITNESSES

Nova Scotia Community College (NSCC)

Mr. Ray Ivany
President NSCC

Mr. Robert Shedden
Vice President Administrative Services NSCC

Ms. Sue Payne
Chair - Finance and Audit Committee
Member of the Board of Directors NSCC

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Terry Spicer
Audit Manager

Legislative Counsel's Office

Mr. Gordon Hebb, QC
Chief Legislative Counsel

BACKGROUND

The Nova Scotia Community College underwent a major change in 1996 when it became a self-governing body. With the passage of the Community Colleges Act, the NSCC formed a Board of Governors that would be responsible for establishing and governing policies that direct the College in its pursuit to enhance the social and economic well being of Nova Scotia through education and training programs.

The Auditor General recently performed an audit on NSCC's internal controls and financial management systems and the Committee asked for them to appear so that they could discuss the audit findings and recommendations in detail.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General last audited the Nova Scotia Community College in 2004. A copy of the Audit is available at the Office of the Auditor General or on-line at the following address:

Nova Scotia Community College - Internal Control and Financial Management – 2004
Highlights: http://www.gov.ns.ca/audg/june2004/june04highlights.html#NSCC
Audit: http://www.gov.ns.ca/audg/june2004/ch5%20June2004%20NSCommCollege.pdf

MATTERS OF DISCUSSION

New Facility - construction of new NSCC facility in Woodside, parking, Phase II construction of additional buildings, accommodations for students, day care, Harbour Front Trail;

Capital Investment in the NSCC - capital projects in education, multi-year funding for the NSCC;

Offshore Opportunities Program - training skills, access to the programs, economy, labour market, cultural attitude toward attending a community college, working with high school guidance counsellors; and

Structure - NSCC Board of Governors' structure, ownership of NSCC buildings, deferred maintenance, student growth levels, tuition fees.

ADDITIONAL MATTERS OF DISCUSSION

A unanimous motion was passed during the meeting to subpoena senior officials from the Canada Revenue Agency (CRA) to appear before the Committee at a mutually agreed upon date.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the recent request for proposal concerning the details of whether or not the NSCC has opened up competition with the for-profit sector or stayed with the non-profit sector to provide childcare;

Information concerning what the third party provider of the NSCC childcare program at the Bell Road campus is going to do once the programs at the site are transferred to the Leeds Street site;

Regular updates on the parking situation at the new Dartmouth campus location of the NSCC be forwarded to the Committee;

A copy of the tuition fees charged to NSCC students from 1997 to the present;

A copy of figures that break down the NSCC cost per student and through which avenue the College receives funding (i.e., percentage paid by the Province of Nova Scotia, percentage paid by tuition fee, etc.) from 1997 to the present; and

A copy of documentation that shows where Nova Scotia's Community College system places compared to the other provinces and territories across Canada concerning tuition fees charged to students.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004nov17.htm

Department of Finance
concerning the Taxpayer Rebate Program

Wednesday, November 24, 2004

WITNESSES

Department of Finance

Ms. Vicki Harnish
Deputy Minister

Ms. Liz Cody
Assistant Deputy Minister

Mr. Bruce Hennebury
Executive Director - Fiscal and Economic Policy

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Mr. Scott Messervey
Audit Manager

BACKGROUND

In June 2003, the Nova Scotia government started mailing rebate cheques in the amount of $155 to over 448,000 Nova Scotian taxpayers. In creating the rebate program the government said that it was just the first step in fulfilling its election promise of lowering taxes in Nova Scotia by ten percent.

Approximately 392,000 Nova Scotia residents will receive a cheque for $155 based on their 2001 or 2002 tax returns. Those taxpayers who still owe money to either the provincial or federal government, approximately 56,000, will receive a notice that $155 has been paid on the debt that they owe.

The Canada Revenue Agency was asked to administer the delivery of cheques on behalf of the Nova Scotia government.

OFFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General has not audited the Department of Finance on the Taxpayer Rebate Program. However, the Office of the Auditor General has done a number of audits on the various programs administered by the Department, which are available at their office or can be found at the following address on-line:

Audit performed on the Department of Finance 1997-2005: http://www.gov.ns.ca/audg/finance.html

MATTERS OF DISCUSSION

Taxpayer Rebate Program - Cost to the Nova Scotia taxpayer, method used to determine rebate eligibility, low-income levels, debt payments in lieu of cheques, Canada Revenue Agency, administration of the program, budgeting process surrounding the program;

Objectives of the program - stimulation of the economy, tax burden reduction policy;

Transfer Payments - reduction in federal transfer payments, equalization formula, Report of the Auditor General on the Consolidated Financial Statements of the Province of Nova Scotia for the Year Ending March 31, 2003 and Other Financial Reporting Practices, budget figure reliability, Tax on Income (TONI) policy;

Tangible Capital Assets - funding, multi-year funding for schools; and

Accords - Atlantic Accord, offshore revenue for Nova Scotia.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of any/all the documentation, letters, correspondence et cetera surrounding the original estimates process between the Department of Finance and the Canada Revenue Agency (CRA) concerning the costs of administration for the taxpayer rebate program;

In providing the above documentation please include the following:

A copy of the original estimate made by the CRA;

A copy of the signed agreement between the Department of Finance and the CRA; and

A copy of any/all invoices sent by the CRA to the Department of Finance

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004nov24.htm

Department of Transportation and Public Works

Wednesday, December 1, 2004

WITNESSES

Department of Transportation and Public Works

Mr. Brian Stonehouse
Deputy Minister

Mr. Martin Delaney
Executive Director Highway Operations

Mr. Brian Gallivan
Director Policy and Planning

Mr. Ralph Hessian
Highway Engineering Services

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

BACKGROUND

The Department of Transportation and Public Works (TPW) is responsible for building and maintaining the provincial highways and bridge infrastructure. TPW's Highway Operations division maintains provincial highways and bridges, manages the Department's fleet of vehicles and ferries. The Department also provides for enforcement and inspection of commercial vehicles to ensure compliance with regulations. The Highway Operations division also develops operational policy for highway construction and maintenance, sets provincial standards and co-ordinates activities of a provincial nature.

The Department is responsible for more than 23,000 kilometres of roads and 4,100 bridges. The Department fleet includes more than 800 pieces of equipment, as well as seven ferries. Departmental staff also provides services from district offices located in Bridgewater, Bedford, Truro and Sydney.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General has performed numerous audits on the Department of Transportation and Public Works. Copies of the audits are available at the Office of the Auditor General or on-line at the following address:

Audits on the Department of Transportation from 1996-2005: http://www.gov.ns.ca/audg/tpw.html

MATTERS OF DISCUSSION

Privatization of Services - equipment, tendering process, accountability, payment process;

RIM Program – budget for program, cost effectiveness of work done, projects funded by RIM program;

Capital Investment Funds - equipment replacement within the Department;

Federal-Provincial Highway Agreements - Canadian Strategic Infrastructure Fund, Federal Motive Fuel Tax;

Capital Transportation Authority Act - development of standards, guidelines, policies;

Salt Program - new TPW program, policies surrounding the program, standards, weather stations;

Labour Relations - dispute between the Department and CUPE;

Provincial Traffic Authority;

Road Safety Advisory Committee - pilot project on road safety, playground and school zone safety programs;

Bayers' Lake and Lacewood Interchange - beautification projects, costs of programs; and

Halifax Dartmouth Bridge Commission - repaving sections, wear and tear on the bridge deck, public versus private toll roads.

REQUEST FOR DOCUMENTATION

During the meeting the Committee requested the following documentation from the witnesses:

A copy of the cost analysis that the Department of Transportation and Public Works has done concerning the cost of private contractors;

A copy of the number of pieces of equipment the Department had in 1999 and in 2004. Please provide an explanation of why each of the pieces was eliminated from the Department's inventory;

A list of the inventory of roads that fall under the purview of the RIM Program;

A copy of the parameters surrounding and any reports, findings and recommendations concerning the pilot project on speed reduction (from 50 km/hr. to 40 km/hr.) that was done recently in HRM;

Information concerning the Department of Transportation's involvement/responsibilities in the location of driveways;

A breakdown, by province, of how the Federal Motive Fuel Tax is distributed by the Federal Government;

The Department has also promised to contact the Halifax-Dartmouth Bridge Commission (HDBC) to ask for documentation concerning the warranties that the HDBC had with the contractor who provided the bridge deck surface that had to be replaced. The Committee would also like information on any concerns/studies that the HDBC might have on the possibility of bridge deck weakening due to the resurfacing process; and

The Department also promised to pass along the Committee's request concerning the Bayers' Lake and Lacewood Interchange and the possibility of having some sort of beautification program or plan surrounding the area to HRM.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004dec01.htm

Canada Revenue Agency (CRA)

Wednesday, December 8, 2004

WITNESSES

Canada Revenue Agency

Mr. Robert Russell
Assistant Commissioner - Atlantic Region

Ms. Marilyn Gaudet
Director of Programs - Atlantic Region

Mr. Don Gibson
Director - Halifax Tax Service Office

Mr. Derrick Smith
Advisor - Policy and Planning Branch

Federal Department of Justice

Mr. Martin Ward
Senior Counsel

Department of Finance (Province of Nova Scotia)

Mr. Bruce Hennebury
Executive Director - Fiscal and Economic Policy

Service Nova Scotia and Municipal Relations

Mr. Frank Moore
Appeals Director and Senior Policy Advisor

Also in Attendance

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Legislative Counsel's Office

Mr. Gordon Hebb, QC
Chief Legislative Counsel

BACKGROUND

The Public Accounts Committee received a request from a private citizen concerning the non-collection of taxes on native reserves from non-native customers. Having written to both the Nova Scotia Department of Finance and the Canada Revenue Agency (CRA) and not receiving answers to is questions, the Committee decided to ask the CRA to appear as a witness. When the CRA refused to appear, the Committee the issued a subpoena.

OFFICE OF THE ADUITOR GENERAL

The Nova Scotia Office of the Auditor General does not have the mandate to audit the Canada Revenue Agency. However, the Auditor General has audited the provincial Department of Finance programs. These audits are available from the Office of the Auditor General or on-line at the following address:

Audits performed on the Department of Finance 1997-2005: http://www.gov.ns.ca/audg/finance.html

However, the Auditor General has audited the Canada Revenue Agency several times in the past and these audits are available from their office or on-line at the following address:

Auditor General of Canada
List of audits performed from 1994-2004 on the Canada Revenue Agency:
http://www.oag-bvg.gc.ca/domino/other.nsf/html/00ccra_e.html

MATTERS OF DISCUSSION

Accountability of the CRA – federal government agency, reporting to the Parliament of Canada, administering programs for provinces, CITCA Agreement - Nova Scotia, New Brunswick, Newfoundland and Labrador and the Government of Canada signed the Harmonized Sales Tax Agreement, formula applied to HST, tax remitted to each province for their share of the tax;

Removal of HST on Home Heating Fuel – agreement between all three provinces and the federal government for possible tax reduction;

Non-Collection of Taxes on Native Reserves from Non-Native Customers – citizen complaint, Acadia Band in Gold River not charging HST to non-native customers, complaint system, native compliance with tax laws, Indian Act;

Taxpayer Rebate Program – costs for CRA administering the program, costs of mailing the rebate cheques, eligibility formula;

Administrative Enforcement of the HST by the CRA - compliance with tax laws, CRA audits, remediation process for cases, tax fraud, avoidance cases, RCMP investigations, fines, court cases, amount of fines, prison terms;

Fisheries Sector - Nova Scotia Seafood Producers Association (NSSPA) request for audits, lack of compliance, value of the lobster industry, underground economy in the lobster industry; and

Underground Economy – strength of the underground economy, value lost in taxes, fisheries' sector, drug trafficking, making arrests, prosecuting offenders.

MOTION

The PAC passed a motion requesting that the provincial Minister of Finance ensure that the Public Accounts Committee receives copies of the Canada Revenue Agency's Commissioner's Annual Report to the federal Minister of Finance.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the most recent annual report the Canada Revenue Agency tabled in the House of Commons;

A copy of any/all correspondence related to the cost and delivery of Nova Scotia's Taxpayer Rebate Program to the Province of Nova Scotia;

A copy of the estimates concerning tax fraud for across Canada;

A copy of the number of fines and amounts of said fines, prosecutions and convictions for the Fisheries Industry in Nova Scotia for the last four years;

Out of the 100 audits completed in the last year in the fisheries industry mentioned during the meeting, please provide documentation concerning the number and amount of fines that were awarded;

The number of native-owned businesses that have been charged with fraud in Nova Scotia for non-compliance of HST collection and remittance; and

If possible please provide an estimate on the forgone HST revenue in Nova Scotia since the inception of the HST.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004dec08.htm

December 2004 Annual Report of the Auditor General

Wednesday, January 12, 2005

WITNESSES

Office of the Auditor General

Mr. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Alan Horgan
Assistant Auditor General

BACKGROUND

The Standing Committee on Public Accounts is mandated by the Rules and Procedures of the House of Assembly to review the reports made by the Auditor General. The Auditor General tabled his report with the Speaker in December 2004.

REPORT

The December 2004 Report of the Auditor General contained 11 chapters and numerous audits. The audits performed were as follows:

Chapter 2. **Government Financial Reporting**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt2
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt2FinReporting.pdf

Chapter 3. **Government Systems and Controls**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt3
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt3SysandControls.pdf

Chapter 4. **Office of Economic Development – Nova Scotia Business Inc. – Payroll Rebates**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt4
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt4NSBI.pdf

Chapter 5. **Finance – Pension Asset Management and Governance of Retirement Benefits**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt5
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt5Pensions.pdf

Chapter 6. **Health – Capital District Health Authority**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt6
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt6CDHA.pdf

Chapter 7. **Health – Pharmacare and Other Drug Programs Health and Community Services**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt7
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt7Pharmacare.pdf

Chapter 8. **Health – Revenues and Recoveries**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt8
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt8RevandRec.pdf

Chapter 9. **Service NS and Municipal Relations – Municipal Services Division**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt9
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt9MunServices.pdf

Chapter 10. **Crown Agencies and Corporations – Resource Recovery Fund Board Inc.**
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt10
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt10RRFB.pdf

Chapter 11 **Other Audit Observations Review of Financial Statements and Management Letters**
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt11FinStat.pdf

A copy of the entire December 2004 Report of the Auditor General is available at the Office or on-line at the following address:

Entire December 2004 Report: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20FullReport.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

GAAP Compliance – lack of compliance in financial documents, budget items, forecasts, quarterly reports;

Internal Audit Functions - amalgamation of the internal audit functions into the Department of Finance, cuts in staffing, internal auditors performing the function for the government;

Deloitte & Touche LLP Performance Audit - 2004 Audit on Governance and Control Framework, audit findings, auditors not able to give an audit opinion;

Nova Scotia Business Inc. - Payroll Rebate Program, Office of Economic Development - Industrial Expansion Fund;

SNSMR Fraud Case - SAP Program, security features;

Heritage Fund - legacy or rainy day funds, use of offshore oil money, ways to establish a fund that is GAAP compliant, infrastructure investment fund;

Prescription Drug Electronic Monitoring System – systems cost, ability to monitor the sale of narcotics;

Hospital Payments - outstanding out of province patient accounts, payments from insurance companies, paying the actual cost of a disease, provincial agreement on a per day hospital rate; and

Provincial Pension Plans – shortfalls.

ADDITIONAL MATTERS OF DISCUSSION

The Committee also discussed, amended and approved the Sub-Committee Report.

Approved witnesses:

Nova Scotia Gaming Corporation, Office of Health Promotion and the Nova Scotia Gaming Foundation- Re: On-line Gaming / Video Lottery Terminals (VLTs);

Government Financial Reporting - (Re: Chapter 2 – Auditor General's Report) - Department of Finance;

Service Nova Scotia and Municipal Relations (SNSMR) - Fraud Case - Witnesses - Auditor General Office, Department of Finance and SNSMR (See Ch. 3. – Auditor General's. Report - Government Systems and Controls);

Nova Scotia Business Incorporated (NSBI) - Re Chapter 4. Auditor General's Report - Payroll Rebates;

Department of Health - Re: Auditor General's Report - Ch. 7. Pharmacare and Other Drug Programs; and

Senior officials from Deloitte & Touche LLP - Re: 2004 Audit of Governance and Control Framework for the Department of Finance.

The Public Accounts Committee has approved the following change:

The Public Accounts Committee meeting scheduled for Wednesday, January 26, 2005 with the Department of Tourism, Culture and Heritage will now take place from 8:00 - 10:00 a.m.

REQUEST FOR DOCUMENTATION

The Committee did not request any additional information from the witnesses.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005jan12.htm

Department of Tourism, Culture and Heritage concerning the recent audit on Selected Aspects of Operations

Wednesday, January 26, 2005

WITNESSES

Department of Tourism, Culture and Heritage

Ms. Kelliann Dean
Deputy Minister

Ms. Dianne Colsh
Executive Director - Culture

Ms. Marsha Andrews
Executive Director - Tourism

Also in Attendance:

Office of the Auditor General

Ms. Dianne Chiasson
Audit Manager

BACKGROUND

The tourism industry brings in approximately $1.29 billion to the Nova Scotia economy. It employs over 35,000 people. The Department of Tourism, Culture and Heritage's Tourism Division is responsible for the planning, development, marketing and operations of the Nova Scotia tourism strategy, staff conduct, analyzes and disseminates research and statistics. In addition, the staff provide tourism development and planning support, including financial assistance and guidance to communities; planning and secretarial support to the various commissions; assistance in developing the market readiness of Nova Scotia's most competitive tourism products, destinations and attractions; development and distribution of "How To" tourism development publications designed to assist entrepreneurs and tourism operators; and tourism policy, including developing and supporting government policy that assists in the growth and competitiveness of Nova Scotia's tourism sector.

The Committee asked them to appear as witnesses so they could discuss in detail the recent audit by the Auditor General.

OFFICE OF THE AUDITOR GENERAL

In June 2004, the Auditor General performed an audit on Selected Aspects of Operations within the Department. The Scope of the audit was as follows:

The audit is available from the Office of the Auditor General or it is available on-line at the following address:

Highlights: http://www.gov.ns.ca/audg/june2004/june04highlights.html#Tourism
Audit: http://www.gov.ns.ca/audg/june2004/ch7%20June2004%20TourHerCulture.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Grant Process – application process, new criteria, missed deadlines, organizations in need of additional funding outside of the new process, streamline, peer juries recommendations;

Nova Scotia Arts and Partnership Council – previously the Nova Scotia Arts Council, investing in small new cultural groups, provision of operating assistance;

Art Gallery of Nova Scotia - audit by KPMG, cost of the audit, strategic plan, due diligence, internal controls and governance structure, budget cuts;

Nova Scotia Film Development Corporation - Office of Economic Development, Nova Scotia Tax Credit Program, film companies;

Monitor Tourism Statistics - growth in tourism industry, Industry and Partnership Council, estimating tourism revenue, measurements of room nights, entrances through the province, airport statistics, Halifax International Airport Authority;

Bluenose II Preservation Trust - expiry of contract, negotiations, options for either contract renewal, a new organization for the Province, need for a clear accountable contract and arrangement, 2005 sailing season;

Motorcycle Tourism – use of publications and tourism booklets aimed at motorcycle enthusiasts, niche publications, advertisements, Off-Road Vehicle Act;

Tourism Economic Impact Model - Statistics Canada, new monitoring system, database, funding, application criteria, broad base tourist area, cultural significance, heritage preservation;

Upper Clements Theme Park - contract expiry, relationship between community, park operators and the government, contract timelines; and

Visitors Information Centres - cruise ship terminal in both Halifax and Sydney, provincial centre locations, Nova Scotia Cruise Association, Atlantic Canada Cruise Association, boutique type cruise ships;

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the list of eight organizations that missed the Department's funding deadline and subsequently received supplementary funding. Please include an outline of the amount of money received by each organization;

A copy of the list of programs where the $270,000 from the Arts Council disbandment went;

Were there any other organizations who missed the deadline, besides the eight which received supplementary funding, that requested funds but did not receive them?;

A copy of any documentation concerning the change from the Nova Scotia Arts Council to the Nova Scotia Arts Partnership Council (department review, etc.);

A copy of the Nova Scotia Arts Partnership Council work plan;

A copy of the estimates of the provincial tax revenues created by the tourism industry; and

A break down geographically of where the Department of Tourism, Culture and Heritage funds are spent in Nova Scotia (if possible).

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005jan26.htm

Department of Community Services
concerning the Canada-Nova Scotia Affordable Housing Agreement

Wednesday, February 2, 2005

WITNESSES

Department of Community Services

Ms. Marion Tyson
Deputy Minister

Mr. George Hudson
Executive Director of Finance

Mr. Harold Dillon
Senior Director Employment Support and Income Assistance (ESIA) & Housing

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

BACKGROUND INFORMATION:

The Canada-Nova Scotia Affordable Housing Agreement (CNSAHA) was signed in September 2002. The agreement provided $18.63 million from the federal government with an in kind amount from the Province of Nova Scotia. The program has a total funding of $37.26 million.

The objective of the program is to add and sustain the supply of safe, affordable, appropriate and sustainable housing units. The agreement allows for new capital construction as well as conversion of units. There is a maximum capital construction amount of $25,000. The program works with non-profit groups, private developers and the Nova Scotia Housing Development Corporation (NSHDC) to ensure that the program is delivered.

There are a number of different programs within the agreement such as providing rental initiatives, preservation programs and the construction of new units. To date, the federal and provincial governments have each spent $9.46 million for a total of $18.92 million.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General has not yet audited the Department of Community Services' Canada-Nova Scotia Affordable Housing Agreement. However, the Office did audit the Housing Services Division in 2003. A copy of this audit is available at the Office of the Auditor General or on-line at the following address:

Community Services – Housing Services Division - 2003
Highlights: http://www.gov.ns.ca/audg/2003/03highlt.htm#HousingSer
Audit: http://www.gov.ns.ca/audg/2003/chpt4%20HousingServices%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

CNSAHA - consultation process, meeting community needs for proper housing, new rental units, repairs made to existing units, spending commitments in 5-year agreement, municipal transfers, land subsidies;

Expenditures - private sector versus not-for-profit organizations funding and investment, 50-50 federal provincial government split, maintaining rent levels, housing prices in Halifax, impact of university students on the housing market, shelter rates, tracking of housing rates;

Rental Preservation Program - non-profit groups, elderly housing units, repair programs for seniors rental units and homes, waiting list for rental units, rent supplements for seniors, program projections;

Co-op Housing Program – home ownership, low and high end of income program parameters;

Home Preservation Program – Cape Breton construction, Sydney Mines housing, declining population, stock of affordable housing units in need of repair; and

Matching Funding Agreements - no longer applicable to Nova Scotia, Nova Scotia's finances.

REQUESTS FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

Of the new units constructed, please provide the number of people that are actually living in the units;

Of the new units being constructed, please provide the breakdown of how many units will be run by non-profit versus for profit organizations (numbers given during the meeting 200 units, 138 non-profit sector and 62 are in the profit sector);

Please provide a copy of any letters or the sections of the agreement (Schedules B or C) that provides for the use of supplemental payments;

Please provide any/all information that the Department tracks on wait times throughout the Province;

A letter was sent from Nova Scotia's Minister of Finance to his counterpart in Ottawa concerning Nova Scotia's future withdrawal from cost-sharing (in kind) funding agreements. Please provide information to the Committee on the effects that this letter/policy had on the CNSAHA;

Please provide a copy of the specific section in the CNSAHA concerning the possibility of the creation of seniors' only buildings; and

A copy of the homeless shelter usage figures for January 2005 that were provided at the conclusion of the meeting.

TRANSCRIPT

A copy of this meeting transcript is available from the Legislative Committees Office or on-line at the following address:
http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005feb02.htm

Department of Finance
concerning Government Financial Reporting

Wednesday, February 9, 2005

WITNESSES

Department of Finance

Ms. Vicki Harnish
Deputy Minister

Mr. Byron Rafuse
Acting Controller

Ms. Suzanne Wile
Director – Government Accounting

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

BACKGROUND

The Department of Finance in Nova Scotia is trying to establish a fiscal climate conducive to economic growth and provide central agency support and policy direction for effective management of the province's finances and pension administration. The Department publishes numerous documents such as the Public Accounts, Consolidated Financial Statements, Forecast Updates, Business Plans and Accountability Reports, to name just a few, in order to achieve this goal.

The Committee asked the Department to appear as a witness to discuss the current state of government financial reporting in Nova Scotia.

OFFICE OF THE AUDITOR GENERAL

The Auditor General's Office audits the government's reporting of their financial position. Copies of these audits are available at their office or on-line at the following address:

Auditor General Report – December 2004 - Government Financial Reporting
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt2
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt2FinReporting.pdf

Auditor General Report – June 2004 - Government Financial Reporting
Highlights: http://www.gov.ns.ca/audg/june2004/june04highlights.html#GovtFR
Audit: http://www.gov.ns.ca/audg/june2004/ch2%20June2004%20GovtFinReporting.pdf

Report of the Auditor General on the Consolidated Financial Statements of the Province of Nova Scotia for the Year Ended March 31, 2003 and Other Financial Reporting Practices - November 14, 2003.

Report: http://www.gov.ns.ca/audg/2003/additional%20report%202003.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Deloitte & Touche (D&T) Audit on Governance and Control Framework - best practices within the private sector, progress on the audit recommendations, standards of the audit, D&T could not provide assurance on the audit scope, creation of the Middle Office function, Debt Management Committee, Investment Advisory Committee, risk identification, Royal Bank of Canada;

Debt Management - internal benchmarks for monitoring and controlling debt management, draft policies, senior management approval of policies, monitoring targets, pension returns, administration of programs;

GAAP Compliance - Department of Finance documents are not GAAP Compliant, Auditor General, creation of problems when forecasting budget surpluses, Quarterly Update (now known as the Forecast Update) outlines spending, budget surpluses, proper accounting practices, uncommitted money, debt reduction program, Public Sector Accounting Board (PSAB) recommendations, line-by-line compliance;

Quarterly Reporting - guidelines for quarterly reporting forecasts, proper forecasting of a surplus, full disclosure in additional notes, accounting treatments, Canadian Institute of Chartered Accountants (CICA) guidelines;

Federal–Provincial Agreement – requirement for new legislation, debt management plan, equalization process accounting for the funds within the budgetary process, oversight and compliance issues management of debt, policy and procedures;

Nova Scotia Taxpayer Rebate Program - summary of eligibility rates, Canada Revenue Agency, outline of program parameters, issue of cheques versus direct deposits, cost comparison of different processes, Auditor General audit opinions on tax revenues, compliance;

Capital District Health Authority – review of patients in debt to hospitals, billing practices for out-of-country patients, District Health Authorities; and

Three Office Structure within the Department of Finance:

Front Office – traders, borrowing program, buying and selling debt around the world;

Back Office – accountants, auditing of transactions: and

Middle Office (Project Office)- creation of debt management policies and procedures, new recruiting within this branch, director of compliance.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the new terms of reference that have been developed (when available) for the Investment Advisory Committee within the Department of Finance; and

A copy of the staff e-mail (in its entirety) that was quoted from during today's Public Accounts Committee meeting concerning the Taxpayer Rebate Program.

TRANSCRIPT

A copy of the transcript from this meeting is available from the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005feb09.htm

Department of Health and Doctors Nova Scotia concerning Doctor Billing

Wednesday, February 23, 2005

WITNESSES

Department of Health

Ms. Cheryl Doiron
Deputy Minister

Ms. Jane Breckenridge
Director - Physician Services

Ms. Linda Penny
Acting Manager - Accounting Services
(Formerly - Manager - Alternative Funding - Physician Services)

Doctors Nova Scotia

Mr. Doug Clarke
Chief Executive Officer

Carol Walker
Policy Analyst

Samantha Holmes
Communications

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

BACKGROUND

The Department of Health has the largest budget in the government of Nova Scotia and medical payments make up the largest section of that budget. Doctors Nova Scotia (formerly the Medical Society of Nova Scotia) has over 3000 members. It represents physicians, medical students and residents. Doctors Nova Scotia works very closely with the Department of Health and the Office of Health Promotion to help promote a healthy lifestyle for Nova Scotians. Last year, the Department of Health and Doctors Nova Scotia reached a four-year agreement. The estimate for physician funding in Nova Scotia for 2004-2005 is $511 million. The Committee wanted to discuss the new contract and the types of doctor billing that exist in Nova Scotia with the principles involved in the agreement.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General last audited the Department of Health concerning payments to physicians in 2003. There was also an audit concerning alternate funding for physicians completed in 2000. Copies of these audits are available at their office or on-line at the following addresses:

Auditor General Report – 2003 - Payments to Physicians
Highlights: http://www.gov.ns.ca/audg/2003/03highlt.htm#PaytoPhys
Audit: http://www.gov.ns.ca/audg/2003/chpt10%20PaytoPhysicians%202003.pdf

Auditor General Report – 2000 - Physicians Alternative Funding Initiatives
Highlights: http://www.gov.ns.ca/audg/00highlt.htm#PHYSalt
Audit: http://www.gov.ns.ca/audg/2000/ch%209%202000%20Physician%20Alternative%20Funding%20Initiatives.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Fee For Service (FFS) - fee for an encounter with a patient, every service is not covered under the FFS plan;

Alternative Funding Plan (AFP) - allows a physician to charge for every service provided to the patient, recruitment of physicians to Nova Scotia, blended payments to a physician's practice, timing and impact AFPs have on budget resources;

Collaborative Practice Model - possibility of adding costs to the system, human resources availability, stable supply of physicians, variety of payment models, rural versus urban area recruitment, College of Physicians and Surgeons, international medical graduates;

Rising Health Care Costs – rising costs, making the system as efficient as possible, use of new technologies and programs, diagnostic equipment, access to MRI's, the telehealth system, electronic charts, education and continuing education services, clinical applications;

Billing Practices of Physicians - budget estimates for medical payments, Atlantic Blue Cross Care (ABCC) management of the billing process, Freedom of Information and Protection of Privacy (FOIPOP) process to provide access to billing information to the general public;

Clinical Studies - funding for studies, types of studies;

Audit system - auditing and monitoring of extra billing for uninsured services process, setting billing rates; and

Specialists - hospital based, office-based surgeons, GP Hospitalist.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the witnesses.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005feb23.htm

Department of Health
concerning Pharmacare and Other Drug Programs

Wednesday, March 23, 2005

WITNESSES

Department of Health

Ms. Cheryl Doiron
Deputy Minister

Dr. Jim Millar
Acting Associate Deputy Minister

Ms. Emily Somers
Acting Director of Pharmaceutical Services

Also in Attendance:

Office of the Auditor General

Ms. Elaine Morash
Assistant Auditor General

BACKGROUND

Drug therapy is one of the key components of the health care system. The seniors' pharmacare is a drug program for those Nova Scotians who are over the age of 65. The program has evolved to where it is an insurer of last resort if the senior has a private drug plan. The fee per year is $390.00 with a co-pay element of a maximum of $350.00. In the years that have been audited, the cost to government for the pharmacare program were as follows:

2000-2001 - $ 75.3 million
2001-2002 - $ 83.1 million and
2002-2003 - $ 88.4 million

When the pharmacare program was started in Nova Scotia it was supposed to be a 50/50 split between the government and the senior. In Nova Scotia it is a 75/25 split and with the new budget it will be more like a 78/22 split. Drug costs are increasing as more of the populations reach 65 years of age. The Committee wanted to have senior officials in from the Department of Health to discuss the recent Auditor General's audit of the program as well as to talk about the recommendations made in the audit and how the Department plans to implement those recommendations.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General just finished auditing the Pharmacare program. Copies of the audit are available in their office or on-line at the following address:

Department of Health - Pharmacare and Other Drug Programs – December 2004
Highlights: http://www.gov.ns.ca/audg/Dec2004/dec04highlights.htm#chpt7
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt7Pharmacare.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Audit – response to the recent audit, forming of dedicated program area that reports to the assistant deputy minister, Department initiatives, strategic directives, strategic planning document, medical and drug needs, national pharmaceutical strategy, access, affordability and sustainability;

Pharmacare Program - increased utilization of the program, high costs of new drugs, increase in overall drug use has risen, Pharmacare premium, guaranteed income supplements, universal coverage for seniors;

Atlantic Blue Cross - management of the program, renegotiation of the management contract, in-depth review process;

Consulting Seniors - Seniors Citizens' Secretariat (SCS), adjustments to the pharmacare program, input from SCS, SCS recommendations to the Department, placing of drugs on the benefit list, use of panels of experts, inter-provincial work, payment schedules, costs of the drugs for some seniors, rationing out of medication;

Co-pay Program - yearly review, cost sharing of drugs, stability of co-payment levels, maximum amount of co-pay per subscriptions, education of seniors on use of medication, use of the same pharmacy, comprehensive pharmacological tracking system, electronic prescription database being developed, opting in or out of the co-pay program, penalties;

Review of Drugs - Doctors review patients, getting doctors reimbursed for this service, nursing home visits;

Components being reviewed as part of the National Pharmaceutical Strategy - catastrophic drugs, cost of drugs, orphan diseases, national level committee; and

Aging population – demographics, programming, budgeting, income levels.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

When available, a copy of the new contract being negotiated with Atlantic Blue Cross;

A copy of the Deliotte & Touche audit that the department of Health commissioned concerning drug program costs throughout the country and the development of what type of contract should be in place for this type of program (sole sources performance-based contract); and

In the new system in senior's homes, what are the numbers of seniors who have stayed on the old system versus the number of seniors who have transferred to the new system.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005mar23.htm

Service Nova Scotia and Municipal Relations concerning the recent Fraud Case

Wednesday, March 30, 2005

WITNESSES

Service Nova Scotia and Municipal Relations (SNSMR)

Mr. Kevin Malloy
Assistant Deputy Minister

Ms. Anne James
Director – Business and Consumer Registration

Department of Finance

Mr. Byron Rafuse
Acting Controller

Department of Justice

Mr. John Traves
Director – Legal Services

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

Mr. Alan Horgan
Assistant Auditor General

Office of the Legislative Counsel

Mr. Neil Ferguson
Legislative Counsel

BACKGROUND

The Business Registration Unit processes over $5 million per year in expenditures. A routine audit of the 2004-2005 books showed that there were a number of refund entries that did not have substantiated documentation. SNSMR has since discovered that this fraud has gone on for over seven years. Fraudulent entries totalling $360,482.26 were discovered by Service Nova Scotia and Municipal Relations (SNSMR).

There is an on-going civil court case dealing with this matter. The former employee has offered no defense and a default judgment has been issued by the courts. The former employee's husband is going to offer a defense concerning the charges and the case will go to court. A forensic review has taken place but no charges have been laid at present.

The focus of this meeting is on the controls that are in place so that a similar situation does not occur.

OFFICE OF THE AUDITOR GENERAL

The Auditor General does an annual audit of government systems and controls. The Office also monitors losses that the government writes off each year. The Office of the Auditor General has not audited Service Nova Scotia and Municipal Relations – Business Registration Unit or the processes by which they operate. Copies of the audits that have been completed are available at the Office of the Auditor General or on-line at the following address:

Government –Wide Reports – Government Systems and Controls – June 2004:
Highlights: http://www.gov.ns.ca/audg/june2004/june04highlights.html#govtsc
Audit: http://www.gov.ns.ca/audg/june2004/ch3%20June2004%20GovtSysControls.pdf

Audits of SNSMR 1996-2004: http://www.gov.ns.ca/audg/semsmr.html

MATTERS OF DISCUSSION

The Committee discussed the following matters in detail:

Fraud Case – SNSMR refund clerk responsibilities, Business Registration Unit, becoming a payee of SNSMR, number of incidents of fraud, control functions, circumnavigation of systems in place, accounts payable process, resources required for an in depth audit of SNSMR, refund and expenditure process;

Creating Controls - tightening rules in government's manuals, strict controls, updating control systems, Business and Consumer Registration division, number of transactions per year;

Forensic Audit - Grant Thornton forensic audit, identifying all incidents of fraud, Halifax Regional Police involvement in the file, identifying control weaknesses;

Internal Audit Function – centralization of the function, Department of Finance, consulting versus auditing, staffing of unit, Department of Community Services e-merge project; and

Auditor General's Report - SAP program, Internal Audit division, government financial systems, standardized financial procedures, out-sourced audits, yearly Cash and Other Losses audit.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the list of out-sourced audits over the past three years (from the Department of Finance) accompanied by the reason for the determination that the audit should be out-sourced;

A copy of the Deloitte and Touche Cash and Other Losses Report (SNSMR);

Please submit the following details concerning the Social Assistance Overpayments Collection Program that deals specifically with people who have been on income assistance who have now entered the workforce:

How many staff are involved in the program?;
What is the cost of running the program?;
How much money is collected annually in the program?;
How many files are currently open and being dealt with under the program?;
What is the average overpayment in the program?; and

When finalized, please provide the Committee with a copy of the internal audit reports from the Internal Auditors in the Department of Community Services.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005mar30.htm

Nova Scotia Business Inc.
concerning the recent audit on Payroll Rebates

Wednesday, April 6, 2005

WITNESSES

Nova Scotia Business Inc.

Mr. Stephen Lund
President and Chief Executive Officer

Mr. Pat Ryan
Vice President - Financial Services

Mr. Peter MacAskill
Director - Corporate Services

Mr. Martin Walker
Director – Small Business Growth

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General of Nova Scotia

BACKGROUND

Nova Scotia Business Inc (NSBI) was established in October 2000 in order to take a business approach to growing the economy. The Payroll Rebate Program is used to attract businesses to Nova Scotia. A business must create and maintain jobs prior to receiving any payroll rebate funds. To date, 25 rebate programs have been approved by NSBI (and subsequently Cabinet). There are 33,000 businesses in Nova Scotia, 92% of these are small businesses.

The Committee asked NSBI to appear as witnesses before them to discuss their relationship with the Office of Economic Development (OED), as well as the recent audit performed by the Auditor General concerning the Payroll Rebate program.

OFFICE OF THE AUDITOR GENERAL

The Auditor General just completed an audit of NSBI's Payroll Rebate Program. Copies of the audit are available from their office or on-line at the following address:

Nova Scotia Business Inc. – Payroll Rebates – December 2004
Highlights: http://www.gov.ns.ca/audg/Dec2004/Dec04highlights.htm#chpt4
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt4NSBI.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Nova Scotia Business Inc. (NSBI) – requests for funding, guidelines, programs for funding, company needs, business cases, amendments to agreements, Order in Council (OIC) process, report and recommendation (R&R) attached to the OICs, Freedom of Information and Protection of Privacy requests;

Regional Development Authorities (RDA)s - Atlantic Canada Opportunity Agency (ACOA), community economic development, business cases, Canada Nova Scotia Business Services Centres;

Office of Economic Development (OED) - Industrial Expansion Fund (IEF), promotion of business, socio-economic impact of loans, business cases, investments in communities;

IEF Loans - ECI Medical Technologies, CanJam Trading, Eastern Protein Foods Limited, MacTara, Staples, Ocean Nutrition, Pure Energy Battery, Bell Bay Golf Developments Incorporated;

Snair's Bakery File - meetings with stakeholders, criteria for decisions, eight page report, move of operation to Prince Edward Island;

Immigration Nominee Program - adjudication panel, access capital for projects, qualified business cases, Nova Scotia Office for Immigration;

Cape Breton Development - initiatives in Cape Breton, expansion, new companies;

NSBI Staffing - professional staff, evaluation of small businesses, proper accounting programs, business plans, networking, government purchasing, trade market support, trade missions, pilot projects, export programs; and

Agriculture Industry – Agriculture industry, NSBI investment in the sector, growth, Department of Agriculture and Fisheries.

ADDITIONAL MATTERS OF DISCUSSION

A Sub-Committee on Agenda and Procedures meeting date was set for Tuesday, April 12, 2005 from 2:00 – 3:00 p.m.

A Committee member has asked the Sub-Committee to discuss the matter of NSBI forwarding specific documents to the Public Accounts Committee in their entirety versus edited without containing financial information. The documents in question are as follows:

A copy of the eight-page report concerning NSBI activities DEALING WITH Snair's Bakery; and

A copy of the original agreement and all amendments to said agreement between NSBI and MacTara.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the names of the companies over the last 12 months that have applied for and been denied funding from NSBI;

A breakdown, percentage wise of how much of NSBI funds are distributed to businesses in the Annapolis Valley. (If available, a breakdown per region of investments); and

A copy of the numbers surrounding the professional and managerial level staff that have left NSBI within the past 12 months.

There were also two additional requests that the Public Accounts Committee forwarded to their Sub-Committee for in-depth discussion prior to approval of the request. The documents in question are as follows:

A copy of the eight-page report concerning NSBI activities dealing with Snair's Bakery; and

A copy of the original agreement and all amendments to said agreement between NSBI and MacTara.

The Sub-Committee recommended, and it was subsequently approved by the entire Public Accounts Committee, that Nova Scotia Business Incorporated be asked to forward the above listed documents, in their entirety. Once the Public Accounts Committee has received the documents, they will seek the guidance of the Freedom on Information Officer, Mr. Darce Fardy, about maintaining the confidentiality of these documents. Once such advice has been received, the PAC will make its determination on this matter.

A copy of the Sub-Committee meeting transcript is available on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005apr12.htm

TRANSCRIPT

A copy of this meeting transcript is available from the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005apr06.htm

Office of Health Promotion and the Nova Scotia Gaming Foundation concerning Gaming

Wednesday, April 13, 2005

WITNESSES

Office of Health Promotion

Ms. Cheryl Doiron
Chief Executive Officer (Deputy Minister of Health)

Mr. Scott Logan
Assistant Deputy Minister

Mr. Brian Wilbur
Director - Addiction Services

Mr. John LaRocque
Coordinator - Problem Gambling Services

Nova Scotia Gaming Foundation

Ms. Anne Jackman
Executive Director

Also In Attendance

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Ms. Elaine Morash
Assistant Auditor General

BACKGROUND

Office of Health Promotion

The Office of Health Promotion (OHP) was created in December 2002 to improve the health of Nova Scotians. The OHP was formed by bringing together the former Sport and Recreation Commission with aspects of the Population Health branch of the Department of Health. Based on review of existing work, gaps and priorities, as well as consultation with a wide variety of stakeholders, Nova Scotia Health Promotion will focus its work in the short term on the following "strategic priority areas":

In Nova Scotia there are eight addiction service offices, 30 satellite offices, and over 360 staff in the districts to counsel problem gamblers. Out of these staff, there are 5 full-time gambling addiction counsellors. Nova

Scotia is going to dedicate more resources to problem gambling. The new gaming strategy will provide for this need. There is an additional $3 million added to the system, new testing programs, and a comprehensive long-term problem gambling strategy that will enhance existing treatment and prevention programs and create new ones such as early intervention programs. The strategy was guided by a multi-departmental steering committee consisting of the Department of Environment and Labour, Department of Finance, Department of Health, Office of Health Promotion, and the Nova Scotia Gaming Corporation, the Office of Aboriginal Affairs and Treasury and Policy Board.

A copy of the Nova Scotia Gaming Corporation (NSGC) Gaming Strategy – April 2005 is available from the NSGC or on-line at the following address: http://www.gov.ns.ca/govt/gamingstrategy/BetterBalance.pdf

Nova Scotia Gaming Foundation

The Nova Scotia Gaming Foundation (NSGF) was founded in 1998 as an arms-length organization that provides short-term funding for a number of diverse projects concerning problem gambling. The NSGF has a community-based four-member board of directors. VLT revenues, as well as a matching amount by the NSGC, fund the NSGF. Last year the budget for the NSGF was approximately $1 million. Over the life of the foundation more than $4.4 million has been awarded to various groups doing research on problem gambling.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General audited the Nova Scotia Gaming Foundation in 2003. Copies of the audit are available at their office or on-line at the following address:

Nova Scotia Gaming Foundation – Review of Operations – 2003
Highlights: http://www.gov.ns.ca/audg/2003/03highlt.htm#NSGaming
Audit: http://www.gov.ns.ca/audg/2003/chpt12%20NSGaming%202003.pdf

MATTERS OF DISCUSSION

Problem Gamblers - first contact, professional counsellors, toll-free telephone lines, ensuring anonymity, setting up satellite offices;

Office of Health Promotion - budget, gaming profits, casino contribution, influx of new funding, gaming strategy, Nova Scotia Gaming Corporation's lack of consultation, sharing documentation, timing of response, consultation on strategy process, outlining OHP position;

Video Lottery Terminals (VLTs) - electronic gaming machines, safety policy strategy, possible changes in legislation, removal of stop buttons from VLTs, introduction of electronic keno in VLTs, reduction in the number of VLTs, criminal element, bill acceptors, speed of machines, utilization of machines;

NSGC Study - Canadian Problem Gambling Index (CPGI), modification of categories, prevalent findings, government-wide consultation process, NSGF documentation for inclusion, New Directions document, new gaming strategy;

Responsible Gaming Awareness Week – consultation process, production of the materials, pamphlets, reasons for the lack of OHP logo on material;

Pilot Project - card management system, limiting their amount of play, voluntary banning; and

VLT Moratorium Act – Native Reserves, consultation process, average amount of money played per month, bill acceptors.

ADDITIONAL MATTERS OF DISCUSSION

The Public Accounts Sub-Committee on Agenda and Procedures met on Tuesday, April 12, 2005.The Committee approved their report without changes.

The 2003-2004 Annual Report of the Standing Committee on Public Accounts was approved by the Committee.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the witnesses.

TRANSCRIPT

A copy of the transcript from this meeting is available in the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005apr13.htm

Office of the Auditor General
concerning the 2004 Performance Report and the 2005 Business Plan

Wednesday, April 20, 2005

WITNESSES

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Mr. Claude Carter
Assistant Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Alan Horgan
Assistant Auditor General

BACKGROUND

For the past number of years the Office of the Auditor General has produced a performance report and business plan. This document was tabled in March 2005. These reports give details of the Office of the Auditor General's activities.

The Office of the Auditor General is changing focus from high-level management audits to specific program areas within a department. The Office is also changing to a three-year cycle instead of a five-year cycle to review past audits and ensure that recommendations have been followed.

Since the release of these documents, the Auditor General's Office has received a $100,000 budget increase. This increase will allow the Office to hire a greater number of students, which, although they will need a significant amount of training, will increase the capacity of this office to broaden the scope of audit coverage. This funding is a welcome addition to the budget.

A copy of the document is available from their office or it can be found on-line at the following address:

2004 Performance Report and 2005 Business Plan: http://www.gov.ns.ca/audg/busplan0405.pdf

MATTER OF DISCUSSION

The Committee went into details on the following matters:

Independence of the Office - budgeting process for the Office, Treasury and Policy Board, House of Assembly, accountability, appearing before the Standing Committee on Public Accounts;

Outline of Office - size of the Office, budget restrictions, number of audits, coverage of departments, agencies and crown corporations, audits within the government structure, outside or commissioned audits, internal audit functions in departments;

Citizen Requests – citizens requesting audits, process for dealing with complaints, review of complaints, use as background material;

Strait Regional School Board Audit – gap in audit regime, audit of financial statements, budget restraints;

Service Nova Scotia and Municipal Relations (SNSMR) - fraud case, level of detail in an audit, lack of internal auditors, risk of mismanaging programs, financial and auditing scandals (Enron and World Com) impact on the auditing world, implementation of strict guidelines and processes;

Auditor General's Retirement - one-year's notice, hiring process for a new Auditor General, length of term - limited to a ten-year non-renewable term, appointment is at the pleasure of the government - Executive Council, level of remuneration, change in legislation to outline a clear structure;

Peer Review Process – agreement of all Auditors General in Canada, Performance Report, Business Plan, Standing Committee on Public Accounts, accountability process, Department of Finance performed internal audits of the Auditor General's Office, accountability, peer review process, Institute of Chartered Accountants of Nova Scotia Report;

End of Year Spending by Departments – spending of remaining budgets at the end of the fiscal year, audit of this activity, requests for detailed data analysis prior to purchases;

Priorities of Audits - rating of risk factors, five-year audit cycle, jurisdictional mandates;

Federal-Provincial Offshore Accord – accounting for the funds, budgeting, budget assumptions, Department of Finance, Treasury and Policy Board;

Standing Committee on Public Accounts - need for an annual report which contains recommendations, detailed analysis of the contents of the Auditor General's report;

Office of Economic Development – Industrial Expansion Fund, transparent business plans, performance reports;

University Funding – audit of government funds in universities, mandate to audit government funds only, general operating budget, internal controls, high level of cooperation and support;

Students – employment of students, training and support of professional auditors; and

Freedom of Information and Protection of Privacy (FOIPOP) Act.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the witnesses.

TRANSCRIPT

A copy of this transcript available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005apr20.htm

Freedom of Information and Protection of Privacy Office

Wednesday, May 4, 2005

WITNESSES

Freedom of Information and Protection of Privacy Office

Mr. Darce Fardy
Review Officer

Ms. Wendy Johnson
Case Review Analyst

Also in Attendance:

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

BACKGROUND

The Freedom of Information and Protection of Privacy (FOIPOP) Office was established in 1995. The Review Officer is an independent ombudsman appointed by the Governor in Council for a term of five to seven years. The Review Officer will accept appeals, known as Requests for Review from applicants or third parties who are not satisfied with the response they received from a public body as a result of an application pursuant to the legislation.

The Review Officer does not have the power to make final and binding orders. However, he does have the power to require a public body to produce any document for his review, which he feels, is relevant. He may also enter and inspect any premises occupied by a public body. Once a review has concluded and the Review Officer has considered the arguments of both parties, the Review Officer will produce a report, which may make recommendations to the public body. The public body is obligated to respond to these recommendations in writing.

If the applicant or a third party is not satisfied with the outcome of a review, an appeal may be made to the Supreme Court of Nova Scotia. With the cooperation of the relevant public body, the Review Officer will accept and investigate privacy complaints. Privacy investigations may also lead to a report and recommendations.

The Review Officer is responsible for the overall administration of the Review Office and since 1999 the Review Officer has issued an annual report and tabled it in the Legislature.

FOIPOP Office web site: http://www.foipop.ns.ca/
Freedom of Information and Protection of Privacy Act: http://www.gov.ns.ca/legi/legc/statutes/freedom.htm

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General has never audited the FOIPOP Office.

MATTERS OF DISCUSSION

The Committee discussed the following matters in detail:

Applications – drop in applications, fees for application, cost and speed of application process, deterrents to frivolous applications, changes to the legislation;

FOIPOP Office - relationships with government departments, Department of Health, Department of Community Services, Department of Environment and Labour, Department of Education, Department of Justice, Public Prosecution Services, processing a claim, third party notification, length of time to process a claim;

Routine Access Policy - applications under the FOIPOP Office, records management, extensions to a FOIPOP request - 30-60-90 days, inflating application costs, Department of Health policy to place FOIPOP material on their web site;

Accountability - independence, FOIPOP Officers across Canada, reporting process, Officer of the House of Assembly, length of Review Officer's term, structure of the Office, possibility of combining with another entity – Ombudsman, Review Office budget,

Disclosure of Information by a Public Body – process, public hearings, legal opinions, consultation process with government bodies; and

Complaints - complaint concerning the Halifax Regional Police and Dalhousie University, noise complaints, video surveillance of students, privacy issues, disclosure of records, asking for SIN numbers, use of the federal privacy commissioner in Ottawa.

ADDITIONAL MATTERS OF DISCUSSION

At a subsequent meeting of the Standing Committee on Public Accounts, the Member for Halifax Fairview put forward a motion for the Committee's consideration. This motion was voted on and approved by the Committee and tabled in the House of Assembly on Wednesday, October 26, 2005. The motion reads as follows:

WHERAS the Public Accounts Committee believes that the Freedom of Information and Protection of Privacy Officer is an integral component of accountable government; and

WHEREAS the FOIPOP Review Officer appeared before the Public Accounts Committee on May 4, 2005; and

WHEREAS the FOIPOP Review Officer recommended to the Public Accounts Committee, and in his last two Annual Reports, that the independence and accountability of the position would be enhanced if the Review Officer were to be made an officer of the House of Assembly; and

NOW THEREFORE BE IT RESOLVED that the Public Accounts Committee supports the recommendation of the Freedom of Information and Protection of Privacy Review Officer that the position be made an Officer of the House of Assembly.

REQUEST FOR DOCUMENTATION

The Committee did not request additional documentation from the witnesses.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005may04.htm

Nova Scotia Gaming Corporation

Wednesday, May 11, 2005

WITNESSES

Nova Scotia Gaming Corporation

Ms. Marie Mullally
President and Chief Executive Officer

Mr. Sean O'Connor
Chair - Board of Directors

Also in Attendance

Office of the Auditor General

Mr. E. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

BACKGROUND

The Nova Scotia Gaming Corporation (NSGC) is responsible for the business of gaming in Nova Scotia. The NSGC provides entertaining and reliable gaming products in a socially responsible and regulated environment, optimizing the financial benefits for Nova Scotians. The release of Nova Scotia's first Gaming Strategy was in April 2005.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General has not audited the NSGC. However, the Auditor General does audit the NSGC's financial statements on a yearly basis. Copies of the financial statements audits are available in the Auditor General Reports on-line at the following address:

List of Auditor General Financial Statement Audits – 1996-2005: http://www.gov.ns.ca/audg/govwide0902.htm

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

New Gaming Strategy - impact on the bottom line, loss of revenue, research on the hours of operation of Video Lottery Terminals (VLTs), reduction in the number of VLTs, licensed facilities, availability of machines, time limits, automatic shut-offs, cash outs, removal of bill acceptors; ATM locations, financial counselling program for problem gamblers;

Programs - NSGC starting program, seed money, use of the Office of Health Promotion and the Nova Scotia Gaming Foundation;

Revenues - gaming revenues, support of the Office of Health Promotion and the Nova Scotia Gaming Foundation;

Addiction Experts - District Health Authorities addiction experts letter to the NSGC, concern about the New Directions document;

Nova Scotia's Responsible Gambling Week - pamphlets and literature, lack of Office of Health Promotion logo, disagreement between the NSGC and the OHP, sworn statements from researcher involved in the project;

New Brunswick Fraud Case - RCMP investigation, use of modified second hand slot machines; possibility of illegal machines in Nova Scotia, study in South Carolina, organized crime in illegal VLT's, police investigations, getting accurate statistics on the number of illegal machines in Canada;

Addictions - modern day culture, receiving something for nothing, change in attitude, undermining of the work ethic, socio-economic impact, social responsibilities of a government, prevalent addictions, alcohol and drugs, reduction in the number of VLTs, convenience stores versus licensed facilities, cross addictions;

Band Gaming Agreement - agreement with aboriginal peoples concerning the number of VLTs allowed on reserves, impact of the New Gaming Strategy, reduction in the number of VLTs in the Province, band profits from VLTs, providing technical and operating support for the gaming machines;

The Atlantic Lottery Corporation (ALC) - Star Wars themed scratch tickets, demographic at which the ticket is aimed;

Education - educating students on the risks associated with drinking alcohol, drinking and driving, using drugs, gambling and smoking, internet gambling, Responsible Gambling Council of Canada; and

Pilot Project - pilot project in Windsor, Nova Scotia, Bristol Research, self-exclusion, number of volunteers, parameters and criteria of the project.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

In conjunction with the fraud case in New Brunswick, the Committee would like the Nova Scotia Gaming Corporation to contact the Atlantic Lottery Corporation (ALC) and determine if any of the machines in question were used in Nova Scotia;

Please provide a written submission concerning any additional comments that you would like to make on the opening remarks made by Mr. Danny Graham, MLA during the Public Accounts meeting; and

The President of the NSGC stated during the meeting that the ALC would be contacted about the new scratch tickets that use the Star Wars theme. Please provide the Committee with any information that you receive from the ALC on this topic.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005may11.htm

Capital District Health Authority

Wednesday, May 25, 2005

WITNESSES

Capital District Health Authority

Mr. Bruce McLaughlin
Chairman of the Board of Directors

Mr. Don Ford
President and Chief Executive Officer

Ms. Barbara Hall
Vice President – Community, continuing and Restorative Care

Mr. Cal Crocker
Vice President - Administration

Dr. Andrew Padmos
Vice President – Research and Academic Affairs

Also in Attendance

E. Roy Salomon
Auditor General

BACKGROUND

The Capital District Health Authority's (CDHA) 2004-2005 Business Plan was not approved until the last few days of the 2004-2005 fiscal year. The Standing Committee on Public Accounts asked witnesses from the Capital District Health Authority to appear before them to discuss the effects that the late approval of their budget had on their operation.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General just finished auditing the Capital District Health Authority in the December 2004 Report. Copies of the audit are available at their office or on-line at the following address:

Health – Capital District Health Authority – December 2004
Highlights: http://www.gov.ns.ca/audg/Dec2004/dec04highlights.htm#chpt6
Audit: http://www.gov.ns.ca/audg/Dec2004/Dec2004%20chpt6CDHA.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Business Plan – delay and late in approval of the CDHA business plan, use of funds based on historical record of requirements, lack of a funding formula;

Maintenance of Structures – deferred maintenance of buildings, Nova Scotia Hospital, retrofitting of operating rooms, updating diagnostic equipment, accreditation report, support of charitable groups, purchase of new MRI;

Budget - systemic budget shortfall - 2% in funding per year, teaching centre, a place of last resort, leading authority for extra care, salaries and benefits of employees;

IT, Physical and Equipment Plans – refreshment and replacement schedules, funding requirements;

Private Clinics – clinics providing non-insured services, private MRI clinic, impact on CDHA;

Anesthesiologists - requirements for 6 anesthesiologists, hiring and retention, cardiac surgeons, wait-list time for surgeries, workloads, Alternative Funding Program (AFP), College of Physicians and Surgeons, vetting qualifications;

Office of Health Promotion – promoting a healthy lifestyle, benefits to the healthcare system, primary care physicians, efficiencies in treating patients, use of prescription drugs;

Request For Procurement (RFP) – issue of the RFP to replace some of the aging MRIs;

Cobequid Centre – new centre under construction, provision for an emergency room, diagnostic centre;

Mandate of the CDHA - Maritime resource, inter-provincial agreements, compensation, additional funds for hospitals; and

General Practitioners (GP)s and Specialists – need for GP and specialists in rural Nova Scotia, recruitment process.

REQUEST FOR DOCUMENTATION

The Committee requested the following additional documentation from the witnesses:

A copy of the CDHA 100-day action plan;

A copy of the CDHA Maintenance Plan;

A copy of the outside consultants report;

A listing of the number of cardiologists in the CDHA;

A complete 2004-2005 Business Plan with all of the schedules attached for the CDHA;

A copy of the number of the nurses working at the CDHA; and

The amount of overtime costs for the fiscal years of 2003-2004 and 2004-2005 for each of the departments. (Nurses, doctors etc.). Please place these figures in a comparison format.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

Department of Health
concerning Physician - Alternative Funding Plan

Wednesday, June 1, 2005

WITNESSES

Department of Health

Ms. Cheryl Doiron
Deputy Minister

Ms. Jane Breckenridge
Director – Physician Services

Ms. Angela Purcell
Acting Manager – Alternative Funding

Also in Attendance

Ms. Elaine Morash
Assistant Auditor General

BACKGROUND

There are two types of payment plans for physicians in Nova Scotia. The plans are fee for service (FFS) and the alternative funding plan (AFP). A FFS is a fee for an encounter with a patient. Not every service that a physician provides however, is covered under the FFS plan. This creates a problem because doctors end up providing services to patients without payment. The new AFP allows physicians to charge for every service provided to the patient. The new plan AFP has helped in the recruitment of physicians to Nova Scotia. Nova Scotia is one of the first provinces to develop this plan in order to attract physicians to the province. Currently, 30% of physicians in the province are signed onto the AFP. The Department is also looking into ways in which there could be FFS and AFP blended payments so doctors can have a mixture of payment types that will suit their practices.

The Committee wanted to hear from the Department of Health concerning the new AFP and recruitment of physicians to Nova Scotia.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General last audited the Department of Health concerning payments to physicians in 2003. There was also an audit concerning alternate funding for physicians completed in 2000. Copies of these audits are available at their office or on-line at the following addresses:

Department of Health - Payments to Physicians - 2003
Highlights: http://www.gov.ns.ca/audg/2003/03highlt.htm#PaytoPhys
Audit: http://www.gov.ns.ca/audg/2003/chpt10%20PaytoPhysicians%202003.pdf

Department of Health - Physicians Alternative Funding Initiatives - 2000
Highlights: http://www.gov.ns.ca/audg/00highlt.htm#PHYSalt
Audit: http://www.gov.ns.ca/audg/2000/ch%209%202000%20Physician%20Alternative%20Funding%20Initiatives.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Alternative Funding Plan (AFP) - outside audit by North South Group Inc., assess to AFPs by physicians, recommendations from the audit, contract negotiations, establishing measurable deliverables, teaching intervals, health human resources plan, specific physician resource plan specialty resource plans, fees for Services (FFS), forming joint or shared practices under AFPs, allocation of funds for these practices, shadow billing process (AFPs and FFS), AFP expiry, temporary agreement with Doctors Nova Scotia, development of a medical AFP, principals and framework surrounding the AFP process, stabilization of the system,

Wait times - deliverable service, tracking and analysis;

Internal Audit Function – changes to the internal audit function, hiring of another internal auditor, balancing centralized control and funding;

Rating the Performance of Physicians - under discussion, involvement of the District Health Authorities, performance and accountability;

Office of Health Promotion (OHP) - promote awareness of an individual's health, inflation costs, budgeting, contract negotiations, increased drug costs, aging population;

Strait Richmond Hospital - emergency room closures, staffing requirements, rural recruitment of physicians, fees for service contracts, alternative funding plan, salary levels, private practices, quality of life;

Clinical Assessment Program - candidate approval process, assignment of a mentor and assigned, sponsorship, supervision and follow-up evaluation, Office of Immigration; and

Student - attracting students, Dalhousie Medical School, enticement into family practices, debt repayment program for student loan.

REQUEST FOR DOCUMENTATION

The Committee requested that the witnesses table the following additional documentation:

A copy of the new Alternative Funding Plan agreement including the principles document.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005jun01.htm

June 2005 Report of the Auditor General

Wednesday, June 29, 2005

WITNESSES

Office of the Auditor General

Mr. Roy Salmon
Auditor General

Mr. Claude Carter
Deputy Auditor General

Ms. Elaine Morash
Assistant Auditor General

Mr. Alan Horgan
Assistant Auditor General

BACKGROUND

The Standing Committee on Public Accounts is mandated by the Rules and Procedures of the House of Assembly to review the reports made by the Auditor General. The Auditor General tabled his report with the Speaker in June 2005.

REPORT

The June 2005 Report of the Auditor General contained eight chapters and numerous audits. The audits performed were as follows:

Chapter 2. **Government Financial Reporting**
Highlights: http://www.gov.ns.ca/audg/June2005/June2005%20highlights.htm#chpt2
Audit: http://www.gov.ns.ca/audg/June2005/ch2%20June2005%20govtFinReporting.pdf

Chapter 3. **Government Systems and Controls**
Highlights: http://www.gov.ns.ca/audg/June2005/June2005%20highlights.htm#chpt3
Audit: http://www.gov.ns.ca/audg/June2005/ch3%20June2005%20govtsysandcontrols.pdf

Chapter 4. **Education – Special Education**
Highlights: http://www.gov.ns.ca/audg/June2005/June2005%20highlights.htm#chpt4
Audit: http://www.gov.ns.ca/audg/June2005/ch4%20June2005%20SpecEd.pdf

Chapter 5. **Pension Administration System (Penfax)**
Highlights: http://www.gov.ns.ca/audg/June2005/June2005%20highlights.htm#chpt5
Audit: http://www.gov.ns.ca/audg/June2005/ch5%20June2005%20Penfax.pdf

Chapter 6. **Health – NS Hospital Information System (NShIS) Project**
Highlights: http://www.gov.ns.ca/audg/June2005/June2005%20highlights.htm#chpt6
Audit: http://www.gov.ns.ca/audg/June2005/ch6%20June2005%20NSHis.pdf

Chapter 7. **Health – Performance Indicators**
Highlights: http://www.gov.ns.ca/audg/June2005/June2005%20highlights.htm#chpt7
Audit: http://www.gov.ns.ca/audg/June2005/ch7%20June2005%20PerfIndicators.pdf

Chapter 8. **Natural Resources and Transportation and Public Works - Fleet Management**
Highlights: http://www.gov.ns.ca/audg/June2005/June2005%20highlights.htm#chpt8
Audit: http://www.gov.ns.ca/audg/June2005/ch8%20June2005%20fleetmgmt.pdf

A copy of the entire June 2005 Report of the Auditor General is available at the Office or on-line at the following address:

Entire June 2005 Report: http://www.gov.ns.ca/audg/June2005/June2005%20FullReport.pdf

MATTERS OF DISCUSSION

The Committee went into details on the following matters:

Additional Appropriations - Executive Council's power to approve Additional Appropriations, Orders in Council (OIC's), Provincial Finance Act, use of proper fiscal management, statutory limits, overspending limits;

General Accepted Accounting Principles (GAAP) - budget assumptions, budget estimates;

Nova Scotia Hospital Information System (NShIS) – reviewed not audited, system not fully functional, some testing done on expenditures and other items and previous problems in the system have been rectified, additional $2 million dollars to the project budget for wireless laptops, implementation of the system, standardization amongst all of the hospitals, staff training, non-compatibility with the Capital District Health Authority and IWK Health Care Centre systems; and

Government Vehicles - Departments of Natural Resources, Department of Transportation and Public Works fleets of vehicles, management of the fleets.

MOTION

The following motion was introduced by the Public Accounts Committee Chairman:

Whereas the Public Accounts Committee believes that the Freedom of Information and Protection of Privacy (FOIPOP) Review Officer is an integral component of accountable government; and

Whereas the FOIPOP Review Officer appeared before the Public Accounts Committee on May 4, 2005; and

Whereas the FOIPOP Review Officer recommended to the Public Accounts Committee, and in his last two Annual Reports, that the independence and accountability of the position would be enhanced if the Review Officer were to be made an officer of the House of Assembly; and

Now therefore be it resolved that the Public Accounts Committee supports the recommendation of the Freedom of Information and Protection of Privacy Review Officer that the position be made an Officer of the House of Assembly.

This motion was tabled for the Committee's consideration over the summer months and it will be dealt with at the Committee's first public meeting in the Fall of 2005.

REQUEST FOR DOCUMENTATION

The Committee did not request any additional documentation from the witnesses.

TRANSCRIPT

A copy of this meeting transcript is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005jun29.htm

PUBLIC ACCOUNTS

SUB-COMMITTEE

ON

AGENDA AND PROCEDURES

SUB-COMMITTEE ON AGENDA AND PROCEDURES

SETTING THE 2004 FALL AGENDA

Tuesday, September 14, 2004

ATTENDANCE:

Mr. Graham Steele, MLA - Chairman
Mr. Jim DeWolfe, MLA - Vice Chairman
Mr. Danny Graham, MLA – PAC Member
Mr. Roy Salmon – Auditor General

RECOMMENDATIONS TO THE PUBLIC ACCOUNTS COMMITTEE:

1. **The Sub-Committee recommends that the following witnesses be invited to appear before the Public Accounts Committee:**

a. Nova Scotia Community College - Re: Chapter 5. Auditor General's Report – Internal Control and Financial Management;

b. Halifax Regional School Board - Re: Chapter 4. Auditor General's Report – Follow-up to 2000 Audit;

c. Department of Tourism, Culture and Heritage - Re: Chapter 7. Auditor General's Report – Audit of Selected Aspects of Operations;

d. Department of Education - Re: Public Education Funding (Performance Reporting);

e. Office of Economic Development - Re: Relationship with Nova Scotia Business Inc. (NSBI) (loans to companies such as CanJam and Michelin);

f. Department of Finance - Re: Taxpayer Rebate Program;

g. Department of Transportation and Public Works - Privatization, out-sourcing, road construction and other general matters; and

h. Doctors NS/Department of Health - Re: Doctor Billing

2. **The Sub-Committee reaffirmed that the following witnesses WHO had been previously approved by the Public Accounts Committee be scheduled to appear before the Public Accounts Committee this Fall:**

a. Mr. Andrew Lewis - Optinova Systems and InNOVACorp

b. Canada Customs and Revenue Agency - Collection of HST
(questions concerning the non-collection of HST by native businesses from non-native customers will be one of the topics CCRA officials should be prepared to answer)

c. Representatives of the Canadian Institute of Chartered Accountants, Public Sector Accounting Board be invited to address the Public Accounts Committee on the subject of generally accepted accounting principles in the public sector. This meeting would be in the same informal format as was done when the PAC met with officials from the CCAF.

3. **During the Sub-Committee meeting the following motion was made and deferred for full discussion and vote by the entire Public Accounts Committee:**

Motion: The Clerk is directed to schedule all future Public Accounts Committee meetings from 9:00 - 11:00 a.m. (Exception to this time can be made by the Committee due to special circumstances, such as three-hour meetings.)

TRANSCRIPT

A copy of the transcript for this meeting is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2004sep14.htm

SUB-COMMITTEE ON AGENDA AND PROCEDURES

SETTING THE 2005 WINTER AGENDA

Tuesday, January 11, 2005

ATTENDANCE:

Mr. Graham Steele, MLA - Chairman
Mr. Jim DeWolfe, MLA - Vice Chairman
Mr. Danny Graham, MLA – PAC Member
Mr. Roy Salmon – Auditor General

Also in Attendance

Mr. Gordon Hebb, QC - Chief Legislative Counsel

RECOMMENDATIONS TO THE PUBLIC ACCOUNTS COMMITTEE:

The Public Accounts Committee has approved the following agenda items and witnesses be invited to appear before them in the near future:

a. Nova Scotia Gaming Corporation, Office of Health Promotion and the Nova Scotia Gaming Foundation- Re: On-line Gaming / Video Lottery Terminals (VLTs);

b. Government Financial Reporting - (Re: Chapter 2. – Auditor General's Report) - Department of Finance;

c. Service Nova Scotia and Municipal Relations (SNSMR) - Fraud Case - Witnesses – Auditor General Office, Department of Finance and SNSMR (See Ch. 3. - Auditor General's Report Government Systems and Controls)

d. Nova Scotia Business Incorporated (NSBI) - Re Chapter 4. Auditor General's Report - Payroll Rebates;

e. Department of Health - Re: Auditor General's Report - Ch. 7. Pharmacare and Other Drug Programs; and

f. Senior officials from Deloitte & Touche LLP - Re: 2004 Audit of Governance and Control Framework for the Department of Finance

The Public Accounts Committee has approved the following change:

The Public Accounts Committee meeting scheduled for Wednesday, January 26, 2005 with the Department of Tourism, Culture and Heritage will now take place from 8:00 - 10:00 a.m.

TRANSCRIPT

A copy of the transcript for this meeting is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005jan11.htm

SUB-COMMITTEE ON AGENDA AND PROCEDURES

SETTING THE 2005 SPRING AGENDA

TUESDAY, APRIL 12, 2005

ATTENDANCE:

Mr. Graham Steele, MLA - Chairman
Mr. Jim DeWolfe, MLA - Vice Chairman
Mr. Danny Graham, MLA – PAC Member
Mr. Roy Salmon – Auditor General

RECOMMENDATIONS TO THE PUBLIC ACCOUNTS COMMITTEE:

1. **The Sub-Committee recommends that the following witnesses be invited to appear before the Public Accounts Committee:**

   a. Office of the Auditor General – Re: 2004-2005 Performance Report and the 2005-2006 Business Plan;

   b. Office of the Auditor General – Re: June 2005 Report;

   c. Department of Health – Re: the recent audit concerning Physician Alternative Funding;

   d. Capital District Health Authority – Re: late approval of the 2004-2005 Budget;

   e. Strait Regional School Board Re: recently released forensic audit – (witnesses to be determined); and

   f. Department of Finance and the Nova Scotia Teachers Union – Re: recent arrangements surrounding Teachers Pensions.

2. **During last week's PAC meeting with Nova Scotia Business Incorporated (NSBI), a committee member asked NSBI to table two specific documents in their entirety. The documents in question are as follows:**

   A copy of the 8-page report concerning NSBI activities dealing with Snair's Bakery; and
   A copy of the original agreement and all amendments to said agreement between NSBI and MacTara.

The Sub-Committee recommends that Nova Scotia Business Incorporated be asked to forward the above listed documents. NSBI will also be advised that the Public Accounts Committee will seek the guidance of the Freedom on Information Officer, Mr. Darce Fardy, about maintaining the confidentiality of these documents. Once such advice has been received, the PAC will makes its determination on the matter.

3. **The Sub-Committee recommends the following:**

The Public Accounts Committee meets up to and including Wednesday, June 1, 2005 with an additional meeting with the Office of the Auditor General upon tabling his June 2005 Report; and

A letter be written to the Speaker requesting approval to send three members of the Public Accounts Committee, one from each caucus, as well as the Committee clerk to this year's CCPAC/CCOLA Conference being held in Niagara-on-the-Lake, Ontario from Sunday, August 21 – Tuesday, August 23, 2005.

TRANSCRIPT

A copy of the transcript for this meeting is available at the Legislative Committees Office or on-line at the following address:

http://www.gov.ns.ca/legislature/hansard/comm/pa/pa_2005apr12.htm

PUBLIC ACCOUNTS

OPERATIONS

MANDATE OF THE PUBLIC ACCOUNTS COMMITTEE (PAC)

The Committee's mandate is derived from the Legislative Assembly.

THE ORDER OF REFERENCE

The Legislative Assembly has appointed the Standing Committee on Public Accounts to:

1. Examine and inquire into all such matters and things as may be referred to it by the Assembly, and to report from time to time its observations thereon with the power to send for persons, papers and records, and to examine witnesses under oath;

2. Review the Public Accounts of the Province of Nova Scotia and the issues raised in the annual report of the Auditor General, which have been referred to the Committee.

3. Examine and inquire into any other financial matters involving public funds of the Province of Nova Scotia.

This enables the PAC to proceed without delay with its examinations.

The PAC is not fundamentally concerned with matters of policy. The Committee does not call into question the rationale of government programmes, but rather the economy and efficiency of their administration. Although the PAC hopes to have a continuing influence on the quality of provincial administrative processes, its prime orientation is after-the fact, or post-audit, to understand, assess and correct (through recommendations in its reports to the Assembly) inadequacies, and issues that the Committee and the Auditor General have raised. The resulting "non policy" orientation of the Committee should enable the development of non-partisan spirit within the Committee in order to get at problems and seek solutions to them.

THE MANDATE

The PAC's mandate is to assist the Legislative Assembly, **within the framework of its Order of Reference from the Legislative Assembly, the Public Accounts of the Province or the Auditor General's report,** to hold the government accountable for its spending of taxpayers' money and for its stewardship over public assets.

To fulfil its functions and meet its responsibilities, the Committee will undertake to review, examine and evaluate the financial and administrative activities of government departments, agencies, crown corporations, and any person or institution receiving financial assistance from the government, cited in the Public Accounts or the Report of the Auditor General. The Committee will conduct its work within **the framework** of its **Order of Reference** as follows:

The Committee may include in its review:

- the information in the Public Accounts for reliability and appropriateness;
- the information in the annual Financial Reports;
- matters raised in the Auditor General's report;
- any audit report on the Office of the Auditor General;
- clauses within intended or proposed legislation or amendments; which exclusively pertains to the responsibilities of the Auditor General; and
- the activities of the Office of the Auditor General and the resources allocated to it.

The Committee may include in its examination:

- past and committed expenditures insofar as they relate directly to and have an impact on matters under review to assist the Committee in understanding the context;
- the collection of and accounting for revenues;
- the probity and value for money in expenditures;
- the adequacy of safeguards to protect assets from loss, waste and misappropriation; and
- whether appropriate financial management controls are in existence.

The Committee may include in its evaluation:

- the activities of all government departments, agencies, crown corporations, and any persons or institutions receiving financial assistance from the government;
- the value for money obtained through divestiture of any crown corporation or agency;
- the systems and practices to determine whether transfer payments are used for purposes intended;
- the efficiency, economy and effectiveness in implementation of government programs and in their achievement of stated goals;
- whether expenditures are within the limits and for purposes authorized by the Legislature and in general, in compliance with legislative authority; and
- any financial management reforms in government to determine whether due regard is given to maintaining legislative accountability.

In carrying out its role the Committee will seek to:

- work with the Auditor General to achieve accountability to the Legislative Assembly;
- obtain all financial information and documents necessary for the Committee's work except for records, which are privileged in the narrowest sense such as Executive Council papers;
- avoid matters of government policy;
- study any other matters referred to it by the Legislative Assembly; and
- report its findings and make recommendations at least annually to the Legislative Assembly.

OPERATING PRINCIPLES / PRACTICES

CHAIR

1. The Chairperson plays a leading role in all aspects of Committee work. The Chairperson participates in the questioning of witnesses and in other Committee deliberations, presides at all meetings, decides questions of order and procedure, maintains order and decorum and is the spokesperson for the Committee.

2. Pursuant to Rule 60(3) the Chairperson of the Public Accounts Committee shall be the member chosen at the commencement of the first session of each Assembly by the Opposition House Leader from among such members of the Committee, as are members of the Official Opposition.

3. The Vice-Chairperson is also chosen in this same manner, from the Government Members of the Committee.

MEMBERSHIP

4. Member substitutions are permitted and these substitutes enjoy all of the rights and privileges pursuant of the member they are substituting for. Any member of the Legislature may attend the committee meetings if they wish, but only members or substitutes for members of the committee may vote.

MEETINGS

5. Meetings are called by the Chairperson in consultation with all parties represented on the Committee.

6. The Committee will schedule sufficient meetings to discharge its responsibilities.

7. The Committee will normally not hold meetings during hours when the Legislature is sitting.

8. The Chairperson may hold meetings to receive evidence (votes shall not be taken) when a quorum is not present, if so authorized by the Committee, so long as both sides of the Legislature are represented.

9. The Committee may decide to meet outside the Legislative Buildings.

10. Except where the Committee feels the circumstances do not require his presence, the Auditor General should be in attendance at all Committee meetings to provide advice and opinions on accounting and administration matters and/or on issues in his report.

11. Members of the Committee should strive to develop a consensus approach in researching issue as means to maintain a non-partisan spirit.

IN-CAMERA MEETINGS

12. All Committee meetings are open to the public, except *in camera* meetings, which shall be allowed at the discretion of the Committee.

13. *In Camera* meetings should be held only in instances when evidence of a particularly sensitive nature is given or when the Committee deems necessary, for example:

- when dealing with matters under police investigation;
- where public hearings would constitute an unreasonable intrusion into the privacy of individuals;
- when the evidence could impact upon the competitive position of a company; and
- when dealing with matters that could effect national security.

14. Discussion of the Committee's draft reports to the Legislature will be *in camera* but final approval thereof will be in public.

15. Briefings by the Auditor General on subjects the Committee will review will be *in camera*.

BRIEFING PROCESS AND OPERATION

Preparation :

16. The Committee should spend sufficient time identifying issues raised in, but not limited to the Auditor General's reports prior to deciding on the witnesses to be invited to the hearings.

17. The Committee will seek to obtain a through briefing from the Auditor General on the background and substance related to the appearance of specific witnesses, and to assure that any necessary documents are available.

18. The Committee will request any available responses or updates prepared by an audited department, prior to its appearance.

19. Motions for major items should be deferred to the next meeting to allow Members time to prepare for debate.

Witnesses :

20. The Chairperson will explain to witnesses their legal position, in regard to future action that might arise from their testimony.

21. Deputy Ministers and Senior Officials may be called before the Committee, with respect to their administration duties and implementation of activities.

22. Witnesses shall be treated fairly when they appear before the Committee.

Questioning of Witnesses :

23. Based on the Auditor General's briefing and/or any additional research the Committee may establish lines of inquiry.

24. Lines of inquiry and preliminary questions may be provided to witnesses so that these may be addressed in their opening statement.

25. Members will be advise the Chairperson of their desire to ask questions and the Chairperson will apportion time equitably among members.

Scope of Examination :

26. The Committee will seek to concentrate on issues of management and financial administration.

27. In examining the year under review, the Committee may review past and committed expenditures insofar as they relate directly to and have impact on matters falling within the year under review, to assist the Committee in understanding the context of these matters.

28. With respect to any matter under consideration, the Committee may request the Auditor General to perform specific reviews.

29. The Committee may from time to time request the Legislature to refer to the Committee legislation dealing with *The Auditor General's Act* or other legislative initiatives relevant to the Committee's mandate.

REPORTS TO THE ASSEMBLY

30. The Committee shall report at least annually to the Legislature and may include in its report a request for the government to table a response within 120 days.

31. The Committee's report should be detailed and comprehensive.

32. The Committee will not include minority reports, dissenting opinions or reservation in its report to the Legislature.

33. Names of individuals shall not be included in the Committee's report excepting by direct quote, unless the Committee agrees that extenuating circumstances warrant it.

34. The Committee may refer to any review of confidential evidence which it has conducted but shall not include such evidence in its report.

35. The Chairperson will table all Committee reports in the Legislature, or should the Legislature be adjourned or prorogued, reports shall be tabled with the Clerk of the House.

FOLLOW-UP

36. There shall be a systematic review by the Committee of government action and formal responses to the Committee's recommendations, in order to complete the accountability cycle.

VERBATIM AND MINUTES OF PROCEEDINGS

37. Verbatim transcripts and minutes of proceedings are to be prepared for all committee meetings. For *in camera* meetings, the Committee will decide on the advisability of having confidential and unpublished verbatim transcripts and minutes.

38. Where the Committee has determined to forego verbatim transcripts, minutes for *in camera* meetings should record only attendance, subject matter discussed and decisions reached, but no details of discussions or testimony or a record of how a Member voted.

RESOURCES

39. The Committee will endeavor to obtain all necessary resources, including research support, to fulfill its role and responsibilities in an effective and efficient manner.

PROFESSIONAL DEVELOPMENT

40. Meetings of the Committee may be held from time to time for professional development purposes.

AGENDA AND PROCEDURES COMMITTEE

41. The Agenda and Procedures Committee will be composed of the Chairperson and Vice-Chairperson and such other Members as the Committee deems necessary. The Agenda and Procedures Committee will meet *in camera* at the call of the Chairperson, to propose to the Committee, agencies and witnesses to be called, to assist in finalizing reports, to review sensitive documents, to monitor the progress of the Committee work and such other responsibilities as deemed necessary.

Statement to Witness

During the Fall of 2001, members of the Public Accounts Committee expressed concern as to how witnesses should be informed of their rights when appearing before the Committee. After much discussion, the committee met with the Chief Legislative Counsel and what the Committee now refers to as an Opening Statement was created. This Statement is sent to witnesses prior to their appearance before the Committee. When witnesses appear before the Committee they are asked on the record if they understand their rights and if they have any questions about the statement. Once any/all questions have been answered the Committee meeting begins. The statement reads as follows:

When you appear before the Public Accounts Committee, you will have certain protections and obligations.

Nothing that you say to the Public Accounts Committee can form the basis for, or support, a civil or criminal legal action against you or any other person. You are protected from interference, threats or legal proceedings on account of what you may say or do before the Committee. No evidence that you give as a witness before the Committee may be used against you or any other person in any other place without the permission of the House of Assembly or unless false evidence is given. You may be required to give your evidence under oath or solemn affirmation.

You are bound to answer all questions that the Public Accounts Committee considers appropriate to ask you; however, if you do not wish to answer a question, you may, after stating the reason for desiring to be excused from answering, appeal to the Chair of the Committee as to whether, in the circumstances and for the reason stated, an answer should be given. If you are not excused from answering, you may request that the whole or a part of your evidence be given in-camera and not be published and the Committee will give consideration to your request.

OATH

Do you _____, swear that the evidence you shall give to the Standing Committee on Public Accounts, touching on matters pertaining to _____, shall be the truth, the whole truth, and nothing but the truth? So help you God?

SOLEMN AFFIRMATION

Do you _____, solemnly, sincerely and truly affirm and declare the taking of any oath is according to your religious belief unlawful, and do you _____,also solemnly, sincerely and truly affirm and declare, that the evidence you shall give in this examination shall be the truth, the whole truth and nothing but the truth?

STATEMENT

OF

SUBMISSION

Legislative Committees Office
House of Assembly
Nova Scotia

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STATEMENT OF SUBMISSION

All of which is respectfully submitted to the
House of Assembly this 22nd day of February 2006

Maureen MacDonald, MLA
Chairman

I concur

Jim DeWolfe, MLA
(Vice Chairman)

I concur

David A. Wilson, MLA

I concur

Mark Parent, MLA

I concur

Keith Colwell, MLA

I concur

Gary Hines, MLA

I concur

Wayne Gaudet, MLA

I concur

Graham Steele, MLA

Michel Samson, MLA

Printed on paper that contains recycled fibre

APPENDICIES

APPENDIX I

Freedom of Information and Protection of Privacy Office

Reports of Committees

Mr. Speaker,

On behalf of the Standing Committee on Public Accounts I would like to table the following recommendation of the Committee that was passed at this morning's meeting.

The recommendation was in the form of a motion and I will read to you the resolve, which states:

THEREFORE BE IT RESOLVED that the Public Accounts Committee supports the recommendation of the Freedom of Information and Protection of Privacy Review Officer that the position be made an officer of the House of Assembly.

WHEREAS the Public Accounts Committee believes that the Freedom of Information and Protection of Privacy Review Officer is an integral component of accountable government; and

WHEREAS the FOIPOP Review Officer appeared before the Public Accounts Committee on May 4, 2005; and

WHEREAS the FOIPOP Review Officer recommended to the Public Accounts Committee, and in his last two Annual Reports, that the independence and accountability of the position would be enhanced if the Review Officer were to be made an officer of the House of Assembly; and

NOW THEREFORE BE IT RESOLVED that the Public Accounts Committee supports the recommendation of the Freedom of Information and Protection of Privacy Review Officer that the position be made an officer of the House of Assembly.

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